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STANDING COMMITTEE ON COAL AND STEEL (2012-2013)

FIFTEENTH LOK SABHA

MINISTRY OF COAL

DEMANDS FOR GRANTS (2012-13)

[Action Taken by the Government on the Observations/ Recommendations contained in the Twenty-Fourth Report of the Standing Committee on Coal and Steel (Fifteenth Lok Sabha)]

TWENTY-SEVENTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI
DECEMBER, 2012/AGRAHAYANA, 1934(Saka)

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Presented to Lok Sabha on 17.12.2012

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LOK SABHA SECRETARIAT
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COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL(2012-13)

Shri Kalyan Banerjee - Chairman

Name of the Member

Lok Sabha

2. Hansraj Gangaram Ahir
3. Shri Sanjay Bhoi
4. Smt. Jyoti Dhurve
5. Shri Ganeshrao Nagorao Dudhgaonkar
6. Shri Sabbam Hari
7. Shri Vishwa Mohan Kumar
8. Shri Yashbant N.S. Laguri
9. Shri Pakauri Lal
10. Shri Babu Lal Marandi
11. Shri Govind Prasad Mishra
12. Shri Rajaram Pal
13. Kumari Saroj Pandey
14. Shri Gajendra Singh Rajukhedi
15. Shri K.R.G. Reddy
16. Shri K. Shivkumar *alias J*.K. Ritheesh
17. Shri Pashupati Nath Singh
18. Smt. Rajesh Nandini Singh
19. Shri Uday Pratap Singh
20. Shri O
21.

Sabha

22. Shri
23.
24.
25.
26. Shri
27. Shri
28. Shri
29. Shri
30.
31.

SECRETARIAT

1.	Shri R.S. Kambo	-	Joint Secretary
2.	Shri Shiv Singh	-	Director
3.	Shri Arvind Sharma	-	Deputy Secretary
4.	Smt. Vandana P. Guleria	-	Sr. Comm. Assistant

INTRODUCTION

I, the Chairman, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Twenty-Seventh Report (Fifteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Twenty-Fourth Report of the Standing Committee on Coal and Steel (Fifteenth Lok Sabha) on "Demands for Grants (2012-13)" of the Ministry of Coal.

2. The Twenty-Fourth Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 25th April, 2012. Replies of the Government to all the observations/recommendations contained in the Report were received on 6th September, 2012.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 12.12.2012.

4. An analysis on the Action Taken by the Government on the observations/ recommendation contained in the Twenty-Fourth Report (Fifteenth Lok Sabha) of the Committee is given at **Annexure-V.**

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in Chapter-I of the Report.

NEW DELHI;
14 December, 2012
23 Agrahayana, 1934(Saka)

KALYAN BANERJEE
Chairman
Standing Committee on Coal and Steel

REPORT

CHAPTER – I

This Report of the Standing Committee on Coal and Steel deals with Action Taken by the Government on the Observations/Recommendations contained in the Twenty Fourth Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel on Demands for Grants (2012-13) of the Ministry of Coal which was presented to Lok Sabha on 25.04.2012 and laid in Rajya Sabha on 26.04.2012.

2. The Action Taken replies have been received from the Ministry of Coal in respect of all the 25 Observations/Recommendations contained in the Report on 6th September, 2012. These have been categorised as follows:

(i) Observations/Recommendations that have been accepted by the Government:
Sl. Nos.1, 5, 9, 10, 11, 12, 13, 14, 16, 17,20, 21 and 25

Total – 13
(Chapter II)

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government:
Sl. Nos. 15

Total – 01

(Chapter III)

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:
Sl. Nos. 2,3,4,6, 8, 18,19, 22 and 23

Total – 09
(Chapter IV)

(iv) Observations/Recommendations in respect of which final replies of the Government are still awaited:

Sl. Nos. 7 and 24

Total – 02
(Chapter V)

3. Although the Reports of Standing Committee have persuasive value and treated as considered advice given by them (Rule 331 N of the Rules of the Procedure), the Committee feel that the recommendations / observations of this Committee are not considered and accorded due attention which it otherwise deserves. For instance, on issues like shortage of railway rakes for movement of coal (Sl. No. 13), latest technology for extraction of coal (Sl. No. 18), constitution of cadre for implementation of Corporate Social Responsibilities (CSR) and association of people's representatives for execution of CSR (Para No. 24) are some of the few instances, where the Government have, not reacted to the suggestions / observations of the Committee at all, for the reasons best known to them. The list is illustrative and not comprehensive. The Committee feel that failure to react to the advice of Committee, inaction or indifferent approach towards recommendations / observations of the Committee amounts to compromising their dignity and belittling the authority of the Committee and is a serious matter. The Committee would like to uphold their dignity and authority, without any exception. The Committee urges upon the Government that they should examine the recommendations / observations of the Committee carefully with all the seriousness it warrants and submit their reaction and action taken note on each and every issue / suggestion made by them. The Committee desire that Govt. should take note of the reservations expressed by them and take corrective actions in future.

4. The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In case, where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that further Action Taken notes on the Observations/Recommendations contained in Chapter-I and final Action Taken Replies to the Recommendations contained in Chapter-V of this Report be furnished to them at an early date.

5. The Committee will now deal with the Action Taken by the Ministry on some of their observations/recommendations made in the Twenty Fourth Report.

PLAN OUTLAYS OF MINISTRY OF COAL AND PSUS

Recommendation Serial No. 2

6. The Committee observed that the total Plan Outlays of the Ministry of Coal and PSUs under their administrative control for the year 2012-13 had been increased to Rs. 15,132.78 crore as compared to Rs. 9302.85 crore at BE 2011-12, which were further reduced to Rs. 7367.46 crore at RE stage. The Committee were, however, concerned to note that the actual expenditure during 2011-12 from the Plan Outlays of Coal PSUs was reported to be Rs. 4886.87 crore (prov.) only. Significantly, against the provision of Rs. 6000 crore (BE stage 2011-12), no amount was utilized on acquisition of assets abroad during the year, though the Plan Outlay was reduced to Rs. 1000 crore at RE stage. The Committee could only conclude that the Ministry/coal companies had not made any headway in acquisition of coal resources abroad while huge Plan Outlay was allocated at BE which has ultimately resulted in downgrading the outlay. The Committee firmly believed that early acquisition of coal resource abroad would tide over the shortage of coal in the country. The Committee found that for development and acquisition of coal resources abroad Rs. 5500 crores was reported to have been kept as an ad hoc provision during the year 2012-13. The Committee would like the Ministry of Coal/CIL to accord highest priority to this proposal and pursue the same vigorously. In view of the gross underutilization of plan investments, the Committee also recommended that the Ministry/Coal PSUs should take advance and better planning to fix realistic budget outlays in order to avoid drastic reduction in the plan funds at RE Stage and to ensure that the allocations earmarked for different schemes were fully utilized.

7. The Ministry of Coal in their action taken reply have informed the Committee as under:-

> "Total Plan Outlay of Ministry of Coal & PSUs under the administrative control of the Ministry of Coal during the year 2012-13 is Rs. 15226.78 crore as against 9302.85 crore for the year 2011-12 (BE). The actual expenditure during 2011-12 was Rs. 6332.82 crores. While the CIL achieved 86.14%, NLC achieved 91% and SCCL 68.41% of the revised plan outlay during 2011-12. The main reason for significant shortfall in achieving the target by SCCL was delay in implementing certain important activities pertaining to thermal power plants & procurement of longwall equipment for Adriyala Longowal Project.

As far as the issue of importing of coal & acquisition of coal resources abroad is concerned, it may be stated that only CIL is concerned with these issues. CIL had initiated the process for acquisition of coal assets abroad through Global Expression of Interest (EoI) route. Due to lack of clear guideline on acquisition of coal assets abroad this EoI process did not yield the desired result. An ad-hoc provision of Rs 5500 crore has been kept in the BE for 2012-13 for this purpose.

CIL Board in its 251st meeting on 9.9.2009, approved the proposal to import coal for power companies during 2009-10, subject to:

i). Obtaining of firm commitment from consumers and

ii) Consumers agreeing to procure imported coal on a cost plus basis.

CIL, has so far not received any long term commitment from any coal consumers in India mainly because of the price differential of imported coal vis-à-vis domestic coal.

As of now Coal India Limited, has been successful in obtaining the exploration license for 2 coal blocks in Tete Province in Mozambique through competitive bidding.CIL has already formed a wholly owned subsidiary "Coal India Africana Limited (CIAL)" in Mozambique and has posted 4 executives in Tete, Mozambique. CIL plans to invest Rs. 122 crores (approx) for exploration of these 2 licensed coal blocks during 2012-13 period.

Apart from that CIL is also exploring the possibility of acquisition of coal assets in South Africa by forming a joint venture company with the provincial government of Limpopo in South Africa.

Though CIL has been actively pursuing the process of acquisition of coal assets abroad but the completion of this process within a definite time frame is difficult to estimate as the success of CIL's initiative is dependent on the long term commitment of the major consumers of coal in India for off take of imported coal.

As far as SCCL is concerned it does not have plans to acquire assets abroad."

8. The Committee observe that CIL Board in its 251st Meeting held on 9th September, 2009 had approved the proposal to import coal for power companies during 2009-10 subject to obtaining a firm commitment from consumers and consumers agreeing to procure imported coal on cost plus basis. However, CIL has so far

reported to be not received any long term commitment from any coal consumers in India because of the price differential of imported coal vis-a-vis a domestic coal. The Committee are constraint to note that on one hand CIL and its subsidiaries have failed to meet coal requirement of power companies and on the other, unable to take pro-active steps for import of coal for power sector although the New Coal Distribution Policy(IVCDP) envisages import of coal to bridge the demand supply gap. As power companies are predominately dependent upon CIL for their feed stock, the current scenario point towards policy paralysis on the part of CIL as it is neither able to meet requirement of coal indigenously nor in position to import coal for them. The Committee feel that there is a need for preparation of detailed road map which would specify about development and acquisition of coal fields in overseas in forthcoming years.

9. The Committee are unhappy to note that due to lack of clear guidelines on acquisition of coal assets abroad, process of acquisition of coal assets through Global Expression of Interest route did not yield the desired results. While appreciating the successful obtaining of exploration licences for two coal blocks in Tete Province in Mozambique and CIL plans to invest Rs. 122 crore for exploration during 2012-13, the Committee are apprehensive of utilization of Rs. 5500 crore by CIL that have been kept as an adhoc provision for development and acquisition of coal resources during the year 2012-13. The Committee would, therefore, like to be apprised of the steps taken by the Government/CIL for utilization of Rs. 5500 crore for acquisition and development of coal blocks aboard and to have long term commitment of major consumers of coal in India for off-take of imported coal.

NORTH EASTERN REGION (NER)

Recommendation Serial No. 3

10. The Committee were unhappy to note that against budgetary allocation of Rs. 26.60 crore during 2011-12 for development of North

Eastern Region (NER), the actual expenditure was nil. While recommending the Government to come up with concrete schemes, the Committee expected that the budgetary allocation of Rs. 25 crore earmarked for NER during 2012-13 would be gainfully utilised.

11. The Ministry of Coal in their action taken reply have informed the Committee as under:-

> "The Ministry have noted the recommendation of the honorable Committee for taking appropriate action."

12. While showing their displeasure over non-utilization of budgetary allocation of Rs. 26.60 crore during 2011-12 for development of North Eastern Region, the Committee had recommended that the Government should come up with concrete schemes for North Eastern Region during 2012-13 so that the amount of Rs. 25 crore should be gainfully utilized. The Committee view the reply of the Government too casual and are not inclined to accept it. What the Committee would be interested to know is the measure that have been taken to identify the schemes proposed to be implemented by the Ministry during 2012-13 to ensure full utilization of funds. The Committee, therefore, again would like to impress upon the Ministry of Coal to sincerely come up with appropriate measures and schemes to ensure that funds earmarked for North Eastern Region are gainfully utilized.

UTILIZATION OF APPROVED OUTLAYS DURING XITH PLAN PERIOD

Recommendation Serial No. 4

13. The Committee observed that against the XIth Plan approved outlays of Rs. 37100.38 crore for the Ministry of Coal, the actual utilization during the Plan Period was reported to be Rs. 32033.89 crore (provisional figures of NLC). The Committee were dismayed to note that not only the coal PSUs were unable to utilize their plan outlays as targeted but the funds allocated and as revised during mid-term appraisal of XIth Plan Period for Central Sponsored Schemes like Research & Development, Regional Exploration, Environment and Subsidence Control Measures, Development of Transportation Infrastructure in Coalfields Areas etc. had also been much below the provisions made for them. The Committee were unhappy to note the huge mismatch between the financial outlays which points towards systematic flaws in the planning and implementation of projects/Schemes by the Ministry/coal companies and other autonomous bodies. Since speedy implementation of

projects/schemes had a direct bearing on the financial outlays, the Committee would like the Ministry to make an in-depth analysis of the constraints resulting in non-fulfilment of both financial and physical targets envisaged for the XIth Plan. The Committee also desired that advance action might be initiated at the beginning of XIIth Plan so that the targets set for the coal and lignite sectors were achieved.

14. The Ministry of Coal in their action taken reply have informed the Committee as under:-

> "The Planning Commission had approved capital outlay of Rs 43476.37 Crs. for Ministry of Coal for XI Plan period. During the Mid Term Appraisal of XI Plan the outlay for MoC for the plan period was revised to Rs 32831.11 Crs.
> Actual utilization against the revised plan outlay during XI plan has been Rs. 26203.70 crore with CIL achieving 83.66%, SCCL 85.55% and NLC 51% respectively. The main reason for significant shortfall in case of NLC was due to delayed formulation of new mining projects and delay in commissioning / stabilization of Mine-II Expansion &Barsingsar Mine.
>
> As far as Central Sector Schemes are concerned the sector-wise plan outlay alongwith actual utilization during XI plan is as under:-

Name of the Scheme	**XI Plan Outlay (Rs.Crore)**			
	Initial	MTA	Actual Expenditure	% Achievement w.r.t Initial Outlay
R&D	75.35	75.35	54.48	72.30
Regional/Promotional Exploration	164.02	305.82	227.38	138.62
Detailed drilling - Non CIL blocks	472.94	523.08	334.17	70.65
EMSC (including the outlay for Jharia and Raniganj Master Plan)	155.34	-	57.89	37.26
Conservation & Safety in coal mines	170.67	690.75	683.91	400.72
Dev. of transport infrastructure in coalfields	277.63	930.92	67.58	24.34
Total	**1315.95**	**2525.92**	**1425.41**	**108.32**

The Annual Plan / Annual Action Plan targets are reviewed continuously at various levels in the PSUs as well as Ministry of Coal. All out efforts are made to ensure that earmarked funds are utilized optimally. During the XII plan intensive efforts will be made to minimize the gap between budget estimates & actual utilization."

15. The Committee note that the actual utilization during XIth Plan Period for R&D Schemes was Rs. 54.48 crore against the Mid Term Plan Outlay of Rs. 75.35 crore. For Regional/Promotional Exploration, the actual utilization was Rs. 227.38 crore against the Plan Outlay (Mid Term Appraisal) of Rs. 305.82 crore which constitute 74.35% of Mid-term Appraisal figures. Similarly, for Detailed Drilling -non CIL blocks, the actual expenditure during XIth Plan Period was Rs. 334.17 crore against the outlays at Mid Term Appraisal stage of Rs. 523.08 crore. The Committee also observe that for another important Central Sponsored Scheme for Development of Transport Infrastructure in coal fields, against the Mid Term Appraisal outlay of Rs. 930.92 crore, actual expenditure during XIth Plan at Rs. 67.58 crore was merely 7.25% of the revised estimates. The Committee are perturbed to note that though the Ministry of Coal were asked to make indepth analysis of constraints realized in non-fulfilment of financial and physical targets envisaged for these Central Sponsored Schemes during the XIth Plan and to take advance action to ensure that the XII Plan targets are achieved, the Ministry of Coal have merely stated that the Annual Plan/Annual Action Plan targets are reviewed continuously at various levels in the PSUs as well as Ministry of Coal and all out efforts are made to ensure that earmarked funds are utilized optimally. As the regular reviews of plan targets have not yielded the desired result and the Government have not intimated about the flaws identified in planning and implementation of these important schemes, the Committee cannot but deplore the lackadaisical and indifferent approach and inaction on the part of the Ministry of Coal/coal companies. At the same time, the Committee strongly reiterate their earlier recommendation and desire to know the reasons for under

utilization of approved outlays (Mid Term Stage Appraisal) for these schemes. The Committee would also like to be apprised of the efforts viable by the Government/coal companies to ensure full utilization of funds earmarked for all the Central Sponsored Schemes during 2012 and the XIIth Plan Period. The Committee view seriously the under utilisation of allocated funds in various schemes of the Ministry of Coal which in recent times have become perennial. The Committee recommend that Ministry of Coal should review the project planning and execution mechanism, so as to ensure that scarce funds are utilised optimally over the years.

RESEARCH AND DEVELOPMENT

Recommendation Serial No. 5

16. The Committee noted that the Central Mine Planning and Design Institute Ltd. (CMPDI) was the nodal agency for coordination and monitoring of coal S&T projects funded by the Ministry of Coal. The Committee also noted that 11th plan approved outlays for R&D schemes were Rs. 75.35 crore whereas the actual utilization by the terminal year of the 11th plan period was only Rs. 55.62 crore. The Committee had been informed that for BE 2012-13, Rs. 11.40 crore had been allocated for the scheme against the projected demand of Rs. 14.40 crore and an amount of Rs. 10.62 crore was kept at BE/RE stage 2011-12 against the projected demand of Rs. 28.82 crore. The Committee further noted that there were 15 projects which had spilled over from the 11th Five Year Plan to 12th Five Year Plan and 6 new projects had been sanctioned for the year 2012-13. The Committee felt that since the demand of coal from different sectors was increasing rapidly, it becomes imperative that major thrust should be given to R&D projects to support coal industry for safe and optimum exploitation of coal reserves including availability of clean coal to meet the demand challenges. The Committee, therefore, recommended that the Ministry should make all out efforts for timely completion of various on-going and new R&D projects. They also desired that the Ministry should draw necessary lessons from the underutilization of approved outlays for R&D scheme during 11th plan period and take appropriate steps to ensure full utilisation of the funds earmarked for R&D during 2012-13 and also the entire 12th plan period to derive the benefits from such projects in the coal sector. The Committee would like coal PSUs to earmark sufficient funds to augment the R&D activities in developing new and clean technologies for exploitation of coal reserves. The Committee also recommended that the Centre Mine Planning & Design Institute should be fully equipped to monitor and coordinate the ongoing technology upgradation works.

17. The Ministry of Coal in their written replies have stated as under:-

"Expenditure: The expenditure on R&D activities during last three five years plans (IX, X & XI) and the projected expenditure for XII Plan period are given below:

Plan	Expenditure (Rs.in crore)
IX	24.97
X	52.61
XI	54.86 (Un-audited)
XII	80.0 (Projected)

The above Table indicates that the expenditure on R& D has increased substantially. Expected utilisation of the budget during 2012-13 has been mentioned in the Action Taken Note for Point No. 1 (The Observations of the Committee have been taken note of and every effort would be made to utilized the allocated funds to the optimum level by taking corrective measures.)under Research and Development.

Efforts for enhancing the quantum of research work and for wider involvement of research agencies including private organizations, has been mentioned in the Action Taken Note for Point No.4 (The Annual Plan / Annual Action Plan targets are reviewed continuously at various levels in the PSUs as well as Ministry of Coal. All out efforts are made to ensure that earmarked funds are utilized optimally. During the XII plan intensive efforts will be made to minimize the gap between budget estimates & actual utilization.) under Research and Development.

(ii) Mechanism for monitoring:

To obviate the delay and for full utilization of funds, the progress of S&T projects is monitored by CMPDI and reviewed by Technical Sub-Committee of Standing Scientific Research Committee (SSRC) and SSRC under the Chairmanship of Secretary (Coal). Progress of the projects is being monitored by periodic visits to the implementing institutes by CMPDI officials to provide required help to complete the projects in time.

Quarterly progress reports of the projects are being received from the implementing agencies and the status of these projects is being placed before SSRC Sub-committee and also SSRC meetings periodically."

18. While recommending that major thrust should be given to R&D projects to support coal industry for safe and optimum

exploitation of coal reserves, the Committee had also desired that Central Mine Planning and Design Institute should be fully equipped to monitor and coordinate the ongoing technology upgradation works including making the Central Mine Planning and Design Institute Limited(CMPDI) fully equipped. The Committee are, however, disappointed to observe that reply of the Ministry is silent about the detailed efforts made for enhancing the quantum of research work with wider involvement of research agencies including private organizations and making CMPDI fully equipped. While lamenting the casual approach of the Ministry in this regard, the Committee reiterate their earlier recommendation and desire that Central Mine Planning and Design Institute (CMPDI) being the nodal agency for coordinating and monitoring of Coal S&T projects should be given utmost priority for technological upgradation which would ultimately help in augmentation of exploitation of coal reserves and reduce production cost. The Committee would also like to be apprised of the steps taken by the Government to fully equip the CMPDI with technology upgradation works and desire that outside agencies and experts should be associated for this work to get an effective output of development plans.

19. The Committee at the same time, unable to understand the rationale of Government in not responding to their suggestion of earmarking funds by Coal PSUs for R&D activities in the field of developing new and clear technologies. The Committee would like to be apprised of follow up action taken in this regard by the Government.

IMPLEMENTATION OF EMSC

Recommendation Serial No. 6

20. The Committee noted that Environmental and Subsidence Control Scheme was aimed at addressing environmental issues in the coal field at the erstwhile mines in Raniganj and Jharia arising out of unscientific mining carried out by the owners. The Committee had been informed that all the EMSC schemes had been merged in the Master Plan dealing with

fire, subsidence, rehabilitation and diversion of surface infrastructure in Jharia and Raniganj coalfields within the leasehold areas of BCCL and ECL which was sanctioned by the Government in August, 2009 at an investment of Rs. 9773.84 crores to be implemented in ten years. This was being funded partly by the internal resources of CIL and partly from the Budget from collection of stowing Excise Duty under the CM(C&M) Act, 1974. The Committee were totally dismayed to note that the scheme was in the 3rd and 4th years of implementation and funds to the tune of Rs. 594.24 crore and Rs. 669.61 crore were to be contributed by CCDAC. Though budgetary support of Rs. 50.58 crore was provided at BE 2011-12, the same was withdrawn at RE stage. Now a token provision of Rs. 9.00 crore had been made for 2012-13 for implementing this scheme. The Committee deprecate such a failure on the part of the Ministry which even have failed to pursue CIL to utilize its share of Rs. 350 crore. In effect the provision has reduced the scheme to mockery. The Committee strongly recommend that the Ministry of Coal should play a pro-active role and issue necessary direction to CIL for regularly expending its share of funds for the scheme. Such steps should be taken without wasting a single moment. Given the present state of affairs, the Committee are doubtful of the sincerity of the implementing agencies for the scheme. The Committee, therefore, strongly urge the Government to evolve a suitable mechanism for implementation of the scheme in a time bound manner. The Committee would also like to be apprised of the perspective plan of the Ministry/CIL for investment of Rs. 9773.84 crore upto 2019 as envisaged in the Master Plan for implementation of the scheme.

21. The Ministry of Coal in their written replies have stated as follows:-

> "While fully sharing the concerns expressed by the Standing Committee, the Ministry submits that the progress of implementation is mainly dependent on the implementing agencies viz. JRDA and ADDA. These agencies are yet to complete the demographic surveys and expedite land acquisition process. Once these activities are completed, construction of dwelling units and shifting of people will follow. However, the High Powered Committee under the Chairmanship of Secretary(Coal) is regularly monitoring the process and releasing the amounts demanded by these agencies for implementation of Master Plan. Despite the sincere efforts by the Ministry, the speed of the implementation of the Master Plan mainly depends upon the progress made by the ADDA and JRDA. Keeping in view the involvement of human aspects, the implementation of such programmes is a long drawn out process. However, Ministry assures Committee that it will make all out efforts to ensure expeditious implementation of the Master Plan.
>
> The pert charts indicating the time frame for completion of various activities as originally approved by cabinet is enclosed (Annexure I) for the information as desired by the Committee.

Latest position of the implementation of Master Plan for rehabilitation of Jharia Raniganj coal fields is as hereunder:

The approved outlay of the Master Plan is Rs. 9773.84 crores ((Raniganj Coalfields – Rs. 2661.73 crore; Jharia Coalfields – Rs. 7112.11 crore). This outlay is proposed to be funded through Internal Resources of Coal India Limited to the extent of Rs. 350 crore per annum and the remaining from the collections of stowing excise duty under Coal Mines (Conservation & Development) Act, 1974.

Till date an amount of Rs. 160.64 crore has been released to ADDA and Rs. 111 crore has been released to JRDA.

In Jharia Coal field 86.44 acres of vacant land in Bhuli township and 849.68 acres of land in and around Belgoria township belonging to BCCL have been identified for developing new township by JRDA in addition to other areas. Further, two sites namely Bonjemari and Gourandi have been identified for setting up of new townships for rehabilitation and resettlement in Raniganj Coal fields. The total area required for the same is 2214 acres (896 Ha). ADDA had accorded Cabinet approval from Government of West Bengal for acquisition of land for this purpose.

Ministry of coal has taken up with the state Government of Jharkhand and Government of West Bengal for expediting land acquisition for rehabilitation. Ministry of Coal has also taken up the issue of diverting the Railway lines from the endangered areas with Ministry of Railways."

22. Taking note of the fact the slow pace of implementation of Master Plan for Environmental and Subsidence Control (EMSC) in Raniganj and Jharia Coalfields approved by the Government in 2009, the Committee had urged the Government to evolve a suitable mechanism for implementation of the scheme in a time bound manner. The Committee are, however, constrained to note that Asansol Durgapur Development Authority(ADDA) and Jharia Rehabilitation and Development Authority(JRDA) are yet to complete demographic surveys and expedite the land acquisition process although the demograph Survey and valuation for both the phases were required to be completed within two years. As such the progress of implementation of project is rather slow as it is mainly dependent on the implementing agencies. The Committee view seriously the slow pace of demographic survey

and land acquisition process and desire that the matter be taken up with the Chief Secretaries of the State Governments, so as to expedite this process. Similarly, Railway Board be approached to expedite diversion of Railways for endangered areas. The Committee further find that till date an amount of Rs. 160.64 crore has been released to ADDA and another Rs. 111 crore to JRDA. As the Master Plan is to be implemented with 10 years, the Committee fear that with this pace of development, the subsidence and rehabilitation etc. in Raniganj and Jharkhand would remain a distant dream. The Committee though reiterate their earlier recommendation and desire that the Ministry/CIL should formulate a perspective plan in coordination with State Governments of Jharkhand and West Bengal to implement the Master Plan within the stipulated time. The Committee would also to be apprised of the utilization of funds released to ADDA and JRDA so far.

DEVELOPMENT OF TRANSPORT INFRASTRUCTURE IN COALFIELDS

Recommendation Serial No. 8

23. The Committee noted that the allocation of Rs. 277.63 crore during the 11th Plan Period for the scheme Development of Transport Infrastructure in Coalfields(DTIC) was increased to Rs. 930.92 crore at Mid-term appraisal of the Plan. The Committee were, however, surprised to note that the actual utilization of funds during the 11th Plan Period was only Rs. 67.58 crore. Further, an amount of Rs. 50.00 crore has been allocated during 2012-13 against Rs. 22.00 crore at BE/RE stage for 2011-12. An analysis of the figures of allocations and utilisations revealed that though funds had been increased manifold for investment in the scheme for Development of Transport Infrastructure in Coalfields, the actual utilisation was less than 25% of approved outlays. The Committee would like to be apprised of the reasons for this poor planning by the Government where the funds were increased by more than 300% at Mid Term appraisal of the scheme. Further, the Committee were dismayed to point out that PSUs only consider proposals relating to pucca roads under the scheme and repairing of roads was not being considered although the condition of roads in most of the coalfields areas were stated to be seriously damaged as a result of excessive use of roads by heavy vehicles loaded with coal. The Committee, therefore, recommended that coal companies should also include repairing of roads under this scheme and also earmarked sufficient funds for upkeep of the roads in proper working conditions in their command areas.

24. The Committee also recommended that coal companies must make the provisions for construction of all roads and their repairs/maintenance situated in and around coal field areas whether roads belongs to State Governments/Gram Panchyats/JilaParishad or coal companies. The coal companies should also keep clean all such roads by providing appropriate mechanism. Apart from this, coal companies should ensure that no unauthorized or illegal liquor and undesirable activities are being carried on by the side on such roads and if it comes to the knowledge of coal companies they must inform the concerned police administration so that such illegal business are prevented.

25. The Ministry of Coal in their replies have stated as follows:-

> "Suggestion of the Committee is noted. Some of the important road projects that have been completed in 2011-12 are : Korbi to Rani Atari in Chirimiri Area of SECL; ChaalGarghora Road at Raigarh field; Sundergarh To Duduka Road-Mor; HimgirByepass in Basundhara Area of MCL etc. Similarly Umrer Railway siding in WCL, Basantimata -NL OCP Railway siding via Dahibari in BCCL was also completed. In addition the critical rail links in potential coalfields viz. North Karanpura in Jharkhand, Mandraigarh in Chhattisgarh, Ib&Talcher coalfields in Orissa, Godavari Coalfields in Andhra Pradesh have been taken up with Ministry of Railways for expediting implementation of the same. Recently a detailed meeting was held on 26.06.2012 at Chairman, Railway Board level where thorough reviews of each of these projects were held and the concerned agencies were directed for expediting the implementation."

26. While observing that the condition of roads in most of the coal field areas are damaged as a result of excessive use of roads by heavy vehicles loaded with coal, the Committee had recommended that coal companies should also include repairing of roads under this scheme and also earmark sufficient funds for upkeep of roads in their command areas. The Committee had also recommended that these roads should be kept clean by providing appropriate mechanism and the coal companies should ensure that no unauthorized or illegal liquor and undesirable activities be carried on the side of such roads. The Committee are, however, concerned to note that the reply of the Ministry of Coal is silent on the recommendation of the Committee to include the repairing of roads under Development of Transport Infrastructure in Coalfields (DTIC) scheme and also earmark sufficient funds for upkeep of the roads in their command areas. The Committee would like to be

apprised of the action taken by the Ministry to implement their recommendation.

UTILIZATION OF PLAN OUTLAYS BY COAL PSUS

Recommendation Serial No. 9

27. The Committee were unhappy to note that against the Plan Outlays of Rs. 4220.00 crore for CIL for the year 2011-12, the actual expenditure upto February, 2012 was only Rs. 2759.12 crore which comes to 65.38%. The Ministry had informed the Committee that shortfalls in utilisation of funds were mainly in ECL, WCL, NLC and MECL due to delay in procurement of Heavy Earth Moving Machine (HEMM). The Committee were constrained to note that despite the rising demand from various utility sectors and especially the new power projects, the actual production of coal by CIL is reported to be 427.80 MT (upto 27th March, 2012) against the target of 447 MT during 2011-12. The Committee were not satisfied with the reasons adduced by the Ministry for not achieving the production targets by CIL such as deficient supply of explosives, problem of coal evacuation, poor performance of new equipment supplied by Bharat Earth Movers Ltd. (BEML) for Northern Coalfields Ltd. (NCL) and South East Coalfields Ltd. (SECL) etc. The Committee felt that these administrative/technical delays should had been resolved by taking timely appropriate steps by the Ministry of Coal/CIL to address them in the right perspective. What was disturbing the Committee was that the procurement of HEMM had been a perennial problem that CIL had been experiencing since long and it had utterly failed to tackle this particular issue with more seriousness. The Committee, therefore, recommended that the Ministry/CIL should take necessary steps to resolve the bottlenecks affecting the production of coal so that the physical targets set for CIL commensurate with planned investment. The Committee would also like to be apprised of the reasons for the poor performance of the newly supplied equipment by BEML and the remedial action taken by the CIL for optimal utilisation of the equipment.

28. The Ministry of Coal in their replies have stated as under:-

> "Against annual capital outlay of Rs 4220.00 Crore, capital investment in CIL during 2011- 12 was of the order of Rs 3570.39 Crore with an achievement of about 84.61 %. In general, land acquisition problems and non finalization of HEMM contracts due to various complications are the main causes for the variation from the budget provision. Expenditure in BCCL & SECL was more than the target where as expenditure MCL, WCL, NCL and under the head of "CIL & others" is slightly less than the target.
>
> The detailed break-up, subsidiary wise is tabulated below:-

(Rs. in Crore)

Company	2011-12	
	BE	Actual
ECL	400.00	332.96
BCCL	400.00	410.72
CCL	350.00	320.99
NCL	800.00	702.11
WCL	350.00	275.72
SECL	600.00	937.65
MCL	700.00	497.95
Others *	620.00	92.29
Total CIL	4220.00	3570.39

*CIL/NEC/DCC/IICM/CMPDIL/Exploration through outsourcing/R&D

Subsidiary wise major reasons of less capital expenditures compared to Budget provision during the year 2011-12 is as under:

ECL:
Signing of final contract with M/S CODCO (China) for PSLW of Jhanjra UG got delayed. Regarding Chitra (East) acquisition of land & forestry clearance could not be obtained.

NCL:
Compensation for land could not be disbursed (only Rs 59.00 Cre against Rs 341.00 Crs) due to delay in finalization of rates.
Gyratory crushers for CHP were not supplied by M/S HEC in time. Railway siding work at Dudhichua&Khadia awarded to RITES which got delayed.
WCL:
Against the Budgeted capital of Rs 350.00 Cre actual expenditure stands at Rs 223.69 Crs. (Prov) i.e. % utilization being Rs 63.91 cre only.
Acquisition of tenancy land could not be done because of very high demand for compensation & employment from the villagers beyond the norms of CIL. In addition clearances of Forest land could not be materialized due to undue delay on the part of Forests department in spite of vigorous follow up. The expenditure on these accounts could not meet the projected target.
In the absence of physical possession of land the mine development activities could not be taken up and hence there was less expenditure.

MCL:
Delayed tender finalization, cancellation of tenders on technical grounds and long supply schedule are the main reasons for less expenditure on account of HEMM procurement.
All mine development activities could not be taken up due to land dispute.
Coal Videsh:

In addition to the above, the additional provisions of Rs 6000.00 Cr were kept for acquisition of assets abroad, but no deals were finalized during 2011-12.

CIL has released about Rs 30.00 Cre for implementation of Master Plan of Jharia&Raniganj Fire Projects against the allotted Budget provision of Rs 350.00 Crs on Master Plan during the year 2011-12. Acquisition of land in non coal bearing area is the major constraint for lesser expenditure.

As per the information obtained from subsidiaries the budget allocated for procurement of HEMM during 2011-12 has been fully utilized by CIL as a whole.

However, necessary actions has been taken for further streamlining the procurement procedures of HEMM in terms of preparation of Standard NITs which are reviewed / upgraded based upon the experience and different guidelines issued from time to time from different Govt. departments / agencies as an ongoing process towards improvement.

The supplies of Bulk Loading explosives were not as per CIL's requirement due to inadequate availability of ammonium nitrate indigenously and apparent delay in import of the same by the vendors. This issue has since been resolved by continuous pursuance by CIL with the vendors to increase import of ammonium nitrate to meet the requirement of explosives. For further streamlining the supplies of ammonium nitrate and thereby bulk loading explosives, CIL proposes to enter into a joint venture with RCF (Rashtriya Chemical & Fertiliser Ltd.) and IOCL (Indian Oil Corporation Ltd.) – IBP Division for manufacture of explosives.

The problems in the newly supplied equipments by M/s BEML are generally of the nature of repetitive failures of some of the systems / sub- systems due to in-adequate quality assurance, teething problems in some of the new equipment, poor response time from M/s BEML to provide service support etc. Regular follow-ups with M/s. BEML, at different levels, are being done by CIL/subsidiary companies to resolve the issues affecting the performance. However, considering the large fleet of BEML equipment at CIL, there is much more required to be done by BEML to ensure trouble free operation of the equipment being supplied by them."

29. During examination of Demands for Grants (2012-13), the Ministry had informed the Committee that the reasons for not achieving the production targets by Coal India Ltd. were deficient supply of explosives, problem of coal evacuation, poor performance of new equipments supplied by Bharat Earth Movers Ltd. (BEML). The Committee had, therefore, desired that they may

be apprised of the reasons for poor performance of newly supplied equipment by BEML and remedial action taken by Coal India Ltd. for optional utilization of the equipment. Though the Ministry have replied that regular follow ups with M/s BEML at different levels are being done by CIL/subsidiary companies to resolve the issues affecting the performance, the Committee are not at all satisfied as there are no apparent visible results forthcoming since the Ministry have admitted that there is much more required to be done by BEML to ensure trouble free operation of the equipment being supplied by them. Considering the large fleet of BEML equipment used by CIL and taking note of the perennial nature of the problem, the Committee would like the Ministry /CIL to resolve this issue by taking it at the appropriate level on fast track basis.

ALLOTMENT OF COAL BLOCK

Recommendation Serial Nos. 18 & 19

30. The Committee had been given to understand that so far 218 coal blocks with geological reserves of about 50 billion tonnes had been allocated to eligible public and private companies under the Coal Mines (Nationalisation) Act, 1973. Out of that, 25 coal blocks have been de-allocated. Out of the de-allocated coal blocks, two coal blocks were re-allocated to eligible companies under the said Act. Now the net allocated blocks are 195. Further, the review committee had again met on 11th and 12th January, 2012 to review the development of coal blocks and recommended to issue show cause notices in 58 cases who had failed to develop the allotted coal blocks within a prescribed period. The Committee were extremely anguished at the dismal performance of the allocated captive coal allocattees as out of the total 195 coal blocks only 22 blocks had commenced production. The Committee were of the opinion that non-development of captive coal blocks resulting in non-commencement of coal therefrom was one of major contributory factors for low coal production in the country. Though the Ministry were reported to have initiated some punitive measures to make captive allocattees accountable for the delay in developing coal blocks, there was no perceptible improvement in the development of such coal blocks as most of the captive coal blocks had not been able to commence production within the stipulated time frame. Hence, the scarce coal resources which had been diverted for captive mining, continue to remain unutilized. What was most surprising was the fact that during the last three years, no coal

block had been identified and earmarked for captive allocation under government dispensation route. The Committee therefore, recommended that the Ministry should evolve some effective mechanism so as to check the non-seriousness on the part of captive coal allocates who had failed to develop the coal block allotted to them within the stipulated time. The Committee also desire that various bottlenecks coming in the way of operationalisation of captive coal blocks should be suitably addressed by the Ministry in a time bound period. The Committee also urge upon the Ministry to consider the request of some of the State Governments for allotment of coal blocks to them. The Committee would like the Ministry to take stock of the situation by holding periodical review meetings with the captive coal block allottees to address this problem halting the development of such coal blocks. As coal mining needs latest technologies to exploit the maximum reserves with due adherence to safety aspects, the Committee expect the Government to accord due priority in this area as well.

31. Though the Mines and Minerals (Development and Regulation) Amendment Act, 2010 for introduction of system of auction by competitive bidding of coal blocks had been notified in 2010, the Committee had observed that no coal blocks were allotted so far. It was a sad commentary on the part of the Ministry for taking unduly long time in the allotment of coal blocks by bidding system as the early allotment of blocks would have set motion for their development and start production. The Committee had, therefore, desired that the Ministry to immediately implement the above Act in letter and spirit.

32. The Ministry of Coal in their action taken reply have informed the Committee as under:

> "As per the guidelines, coal production from captive coal blocks should commence within 36 months (42 months in case the area falls in forest land) in case of open cast mines and in 48 months (54months in case the area falls in forest land) in case of underground mine, from the date of allocation. If the coal block is not explored, additional two years are allowed for detailed exploration and three months for preparation of geological report. The allocates of coal blocks, who have not started production of geological report. The allocates of coal blocks, who have not started production so far, are in various stages of obtaining statutory clearances and mining lease, preparing mining plan, acquisition of land, procuring machinery and equipment etc. for both mining as well as end-use project.
>
> Major constraints being faced by the allocattees at present are as follows:

- Delay in setting up of end-sue projects

- Time taken for obtaining various clearances for mining land acquisition.
- Possible speculation by allocattees anticipating opening up of the sector for commercial mining.
- Development of coal blocks involve a gestation of 3 to 5 years for reaching production stage and another two years for reaching optimal production capacity.

Major part of delay relate to forest and environment clearance and land acquisition on the part of allocattee. Forest and environment clearances fall under the realms of the Ministry of Environment & Forest, whereas the concerned State Government is to facilitate acquisition of land.

The following mechanism is in place to monitor the development of coal blocks as per the milestone chart devised and given with the allocation letters:

- Monitoring of progress of allocated coal blocks is done through a Committee under the Chairmanship of Additional Secretary(Coal). The review is undertaken periodically with all the coal block allocates to assess the development / progress achieved by them. Action is taken against the companies where delay is found on their part by issuing necessary advisory and show cause notices. In case of willful delays on the part of allocattees, appropriate action is initiated for de-allocation of the block & deduction of BG.
- The Coal Controller Organisation also closely monitors the development of coal blocks. For this purpose, he obtains a quarterly report from the block allocates. Based on which a comprehensive status report is prepared.
  With a view to bringing in more transparency, the Mines and Minerals (Development and Regulation) Amendment Act, 2010 has been notified in Gazette of India(Extraordinary) on 9th September, 2010 to provide for grant of reconnaissance permit, prospecting licence or mining lease in respect of an area containing coal and lignite through auction by competitive bidding, on such terms and conditions as may be prescribed. This, would however, not be applicable in the following cases:-

- ❖ Where such area is considered for allocation to a Government company or corporation for mining or such other specified end use;
- ❖ Where such area is considered for allocation to a company or corporation that has been awarded a power project on the basis of competitive bids for tariff(including Ultra Mega Power Projects)

- The Government has notified the Auction by Competitive Bidding of Coal Mines Rules, 2012 on 2nd February, 2012. Further, the notification on the commencement of the said Amendment Act, 2010 has also been notified by the Ministry of Mines on 13th February, 2012.

- CMPDIL, after calling bids and has selected M/s CRISIL for the above work, CRISIL has been given 3 months time for completion of :
  i) Methodology for calculation of floor price/reserve price tag, for the captive coal blocks;
  ii) Preparation of Model Tender Document for selection of successful coal block allocattee;
  iii) Preparation of model agreement between MoC and the successful coal block allocattee.

- The Government has identified 54 coal blocks for allocation and they have been sectorally earmarked. It has been decided to allocate the blocks after detailed exploration only through auction and to power sector for tariff based bidding. Out of the above 54 blocks, 16 are earmarked for power sector, 16 for Government companies and 22 for allocation through auction. The status of the identified blocks was reviewed with CIL & CMPDIL. The CMPDIL has informed that detailed drilling in 12 blocks is completed and the GR is available. The remaining 42 blocks are not explored. The exploration of the above bocks would required 16 lakh meters of drilling. CMPDIL has been asked to prepare a plan for exploration of the blocks on priority basis."

33. In view of the unduly long time being taken by the Ministry in the allotment of coal blocks by bidding system despite the Mines and Minerals(Development & Regulation) Amendment Act, 2010 passed by Parliament for introduction of system of auction by competitive bidding of coal blocks, the Committee had desired that the Ministry to immediately implement the Act with letter and spirit. The Ministry have informed the Committee that the Government has notified the auction by Competitive Bidding of Coal Mines Rules, 2012 on 2nd February, 2012 and Central Mine Planning and Design Institute Limited (CMPDIL) after calling bids has selected M/s CRISIL to look into the whole process of competitive bidding. The Ministry have further informed that 54 coal blocks have been identified for allocation, out of which 16 are earmarked for power sector, 16 for government companies and 22 for allocation through auction. The detailed drilling in respect of 12 blocks is completed and the geological reserve is available. However, for the remaining 42 blocks CMPDIL has been asked to prepare a plan for exploration. The Committee are constrained to observe that no progress has been made for the development of identified coal blocks for allocation through bidding system. The early development of identified coal blocks is imperative to boost coal production in the country, the Committee strongly feel. The

Committee would like the Ministry to go in for allocation of coal blocks through bidding system without any loss of time and they may be apprised accordingly.

SETTING UP OF NEW COAL WASHERIES

Recommendation Serial No. 22

34. The Committee noted that for increasing the output of washed coking and non-coking coal, Coal India Limited had envisaged setting up of 20 new coal washeries with the capacity of 111.10 MT with an investment of about Rs. 2500 crore. These included seven coking coal washeries and 13 non-coking coal washeries. The Committee further observed that out of these 20 proposed to be set up washeries by the end of XIth Five Year Plan, 2 washeries were proposed to set up on 'turnkey basis'. The Committee regretted to observe that not even a single washery had been set up during the entire XIth Plan period which ended on 31 March, 2012 despite the directive of the Ministry of Environment & Forests restricting the use of coal containing more than 34% ash content in power stations located 1000 km away from pit heads. While deprecating the Ministry/CIL for their utter failure in setting up of coal washeries during the XI Plan Period as targeted which was a serious lapse on their part. The Committee therefore, reiterated their earlier recommendation (4th Report on Demands for Grants, 2010-11) and desire that the Ministry/CIL should prepare an action plan to expedite the work of commissioning coal washeries. The Committee would like to be apprised of the action taken by the Government/CIL in this regard.

35. The Ministry of Coal in their action taken reply have informed the Committee as under:

> "In order to supply improved quality and sized coal to the consumers, CIL has taken necessary action to set up 20 coal washeries (18 washeries under Build-Operate-Maintain i.e. BOM and 2 washeries under turn-key-scheme) with a total capacity of 111.1 Mty.
>
> Global tender for 7 washeries under BOM scheme was floated from time to time in the 1st phase since January, 2009 with the following outcome :
>
> -Letter of Award (LoA) has been issued to the selected bidders to set up 3 washeries i.e. Madhubandwashery , 5 Mty. & Patherdihwashery, 5 Mty. And Asoli(10 Mty) after receiving Environmental clearances from MoEF which was due over a long period.

- Tender for Dugdawashery, 2.5 Mty has been finalized & awaiting approval from CIL Board
- Tender for Dahibariwashery, 1.6 Mty. is under final stage of evaluation.

- Tender for other two washeries (Basundhara, 10.0 Mty and Jagannath, 10.0 Mty has been cancelled by MCL Board during its approval for awarding the work and retendered (a major setback in implementing the programme).

  Thereafter, global tender for 11 washeries under BOM scheme was floated to pre-qualify/ shortlist the bidders and the pre-qualified bidders are being issued for the techno-commercial & price bid (RFP) documents for the respective washeries."

36. In view of delay in setting up of 20 new coal washeries by Coal India Limited during XIth Plan period, the Committee had desired that CIL to prepare an action plan to expedite the work of commissioning coal washeries. From the reply of the Ministry, it is revealed that not a single washery has been commissioned so far as most of them are under various stages of tendering process. Needless to say that early commissioning of the proposed coal washery is necessary to derive benefits by Coal India Limited to supply clean coal to the consumers. The Committee, therefore, would like Coal India Limited to work on war footing for early commissioning of coal washeries and they would like to be apprised in this regard.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Recommendation Serial No. 24

37. The Committee noted that CIL had formulated a new CSR Policy for implementation from 2010-11 onwards. As per this new CSR Policy, funds had been allocated to each company based on 5% of the retained earning of previous year subject to a minimum of Rs. 5/- per tonne of coal production in previous year for implementation of CSR activities in and around mining areas within the radius of 15 kms for the benefit of the villagers and community at large including Scheduled Castes (SC) and Scheduled Tribes (ST). The work included, development of community infrastructure like school buildings, community hall, village roads, wells, tube wells, school furniture, Mahila Mandal Activities, Sports and Cultural activities, Medical Camps etc. CMD of subsidiary companies of CIL had been authorized to consider CSR activities depending on the need accessed for the people. During 2010-11 an amount of Rs. 262.28 crores had been allocated for undertaking CSR activities by the coal companies. The Committee were, however, dismayed to noted that the funds earmarked for CSR activities had not been gainfully utilized by coal PSUs. Though CIL had claimed that due to the change in CSR Policy, Sizeable funds have been generated to implement CSR activities, the Committee could not but deplore the lackadaisical approach of CIL Board for delaying

the approval of necessary guidelines to implement the projects. It was highly deplorable that CIL had delayed finalization of a comprehensive CSR guidelines despite recommendations to this effect made by the Committee in this regard, while presenting their 4th Report (Demands for Grants (2010-11) of Ministry of Coal) to Parliament. The Committee, therefore, strongly recommended that CIL should make sincere efforts to implement their new CSR policy so as to bring about socio-economic development of the coalfield areas. It was unfortunate that coal companies have not spent a substantial amount allocated for CSR activities. The Committee recommended that coal companies must create a discipline and cadre consisting officers and employees for looking after the implementation of the scheme and to ensure that money allocated for CSR activities was fully utilised. The CSR activities must not be delayed further on account of absence of proper planning or pending huge projects coming forward as claimed and expected by the CIL Board. The Committee also desired that the people's representatives, local population and authorities must also be associated in identifying and execution of CSR activities.

38. The Ministry of Coal in their action taken reply have informed the Committee as under:

"CSR Policy of CIL and its subsidiary companies is being implemented from the year 2010-11 only which is based on the guidelines issued by Department of Public Enterprises (DPE). DPE has specified specific procedures for undertaking CSR activities, major of which are as under:

(i) Participation of voluntary organisations, specialist organisations and community based organisations.
(ii) Base line surveys
(iii) Documentation of the experience
(iv) Setting up a CSR Hub with participation of Dept. Of PE, SCOPE and CP Sector Enterprises
(v) Monitoring and evaluation.

In order to undertake the CSR activities as per the above guidelines, it is necessary to engage an implementing agency for CIL and its subsidiaries. CIL has approached Tata Institute of Social Sciences (TISS), Mumbai to become an agency for CIL and its subsidiaries in order to undertake the procedural job for CSR activities. The discussion is underway and it is expected that a MOU may be reached shortly. Thus in the concerned field the targets could not be achieved.

However, in the absence of the proper implementing agency CIL and its subsidiaries have been undertaking CSR activities w.e.f. 2010-11 through various implementing agencies as per CSR Policy of CIL. It is also to be mentioned that whatever amount could not be spent would be carried forward during subsequent years.

As per CSR Policy of CIL, CSR fund is created by way of keeping 5% of the retained earnings of previous year subject to minimum of Rs.5/- per tonne of coal production of previous year. The exercise for calculation of retained earnings for the year ending March, 2012 is not yet completed. After finalization of accounts during 2011-12, budget estimate for 2012-13 shall be finalized.

The following major activities towards CSR have been undertaken during 2011-12 by CIL and its subsidiaries which is beneficiary to the villagers including Scheduled Castes and Scheduled Tribes living within the radius of 15 Kms. of the project sites.

- Construction of Public utility road
- Construction of Road over bridges
- Integrated Water supply scheme for supply of drinking water to villages of adjoining coal mines.
- Repairs/installation of hand pumps
- Repairs/construction of wells including deep bore wells.
- Construction/repairs of school buildings.
- Providing educational facilities e.g. furniture, laboratory instruments etc.
- Providing financial assistance/grant-in-aid to educational institution operation in coalfield areas.
- Organizing health camps including camps for eye operation
- Providing medical facilities through Mobile Medical vans.
- Construction/repair of community center.
- Street lighting and solar lighting system to villagers belonging to BPL.
- Environment development /protection work like tree plantation, organizing sensitizing programme and pollution control etc.
- Construction of playing grounds/stadia and organizing sports for villagers.
- Providing financial assistance/donation/sponsorship to NGOs which are specifically engaged in different developmental works of the Nation.
- Promotion of sports and cultural activities supporting events at State and National level.
- Relief to victims of natural calamities like earthquake, cyclone, draught and flood situation in any part of the country.
- Wellness clinic.
- HIV/AIDs awareness programme.
- Other activities being undertaken from time to time."

39. The Committee are not satisfied with the casual and evasive reply of the Government in regard to Corporate Social Responsibility (CSR). It is the considered view of the Committee that CSR is a mechanism through which an organisation serves the interest of the society by taking responsibility for the impact of their activities on customers, employees, shareholders Communities and the environment aspects of the operations. The Committee have taken note of Guidelines issued by Department of Public Enterprises for undertaking CSR. The suggestions of the Committee for creating a dedicated disciplined cadre of officials and employees for implementation of CSR and also associating

people representatives in the scheme are in fact a direction to further improve the guidelines enunciated by Department of Public Enterprises (DoPE). In no way the suggestions by the Committee are in variance with guidelines issued by DoPE. Reiterating their earlier recommendation, the Committee desire that not only a dedicated cadre in the CIL be evolved but also people representatives, local population and authorities be actively associated in identification and execution of CSR. At the same time, the Committee desire that proactive action should be taken to ensure that allocated funds under CSR are utilised prudently by the Coal India Limited and its subsidiaries. The Committee also desire that they may be apprised of status of physical progress and detail of expenditure incurred against the targets/allocated amount by the Coal/Lignite Companies on different activities taken up by them under CSR during the last three years. The major activities towards CSR that have been undertaken by CIL and its subsidiaries benefiting the villagers including Scheduled Castes and Scheduled Tribes living within the radius of 15 Kms should be extended upto 40 kms as large area of social development is associated directly as well as indirectly from the coal fields.

40. The Committee also find that at no stage, Ministry of Coal disclosed any expenditure incurred on CSR activities by the private companies who were allocated coal blocks by Central Government and or where production has been started. The Committee are concerned to note that importance of CSR activities has not been properly understood by the Government. The Committee, therefore, recommend that the Ministry should immediately take up the necessary steps to ensure that CSR activities by private companies to whom coal blocks have been awarded, production/ excavation started of coal/lignite are undertaken without fail.

CHAPTER –II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation Serial No. 1

The Committee observe that the total Budgetary Support to the Ministry of Coal for the year 2012-13 is Rs. 498.35 crore (Plan Rs. 450.00 crore and Non-Plan Rs. 48.35 crore) against Rs. 468.72 crore (Plan Rs. 420.00 crore and Non-Plan Rs. 48.72 crore) for 2011-12 at BE stage and Rs. 412.20 crore (Plan Rs. 365.00 crore and non-Plan Rs. 47.20 crore) at RE stage. The Committee have been given to understand that six centrally sponsored schemes viz. Conservation and Safety in Coal Mines (met out of cess collections), Development of Transportation Infrastructure in coalfields areas (met out of cess collections), Research and Development Programme, Regional Exploration, Detailed Drilling and Environmental Measures and Subsidence Control, are being implemented for coal and lignite sector with the help of Gross Budgetary Support. The Committee's examination, however, revealed that the Ministry could utilise only Rs. 327.57(prov.) as against Rs. 420.00 crore BE and Rs. 365.00 crore RE during 2011-12 for the implementation of these central sector schemes. The Committee would consider underutilization of budgetary allocations in these important areas as unfortunate and desire that the Ministry should take necessary corrective measures to ensure proper implementation of these schemes so that the scarce funds made available are fully utilised to derive benefits therefrom.

Action Taken

The Observations of the Committee have been taken note of and every effort would be made to utilized the allocated funds to the optimum level by taking corrective measures.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Recommendation Serial No. 5

The Committee note that the Central Mine Planning and Design Institute Ltd. (CMPDI) is the nodal agency for coordination and monitoring of coal S&T projects funded by the Ministry of Coal. The Committee also note that 11th plan approved outlays for R&D schemes were Rs. 75.35 crore whereas the actual utilization by the terminal year of the 11th plan period was only Rs. 55.62 crore. The Committee have been informed that for BE 2012-13, Rs. 11.40 crore has been allocated for the scheme against the projected demand of Rs. 14.40 crore and an amount of Rs. 10.62 crore was kept at BE/RE stage 2011-12 against the projected demand of Rs. 28.82 crore. The Committee further note that there are 15 projects which have spilled over from the 11th Five Year Plan to 12th Five Year Plan and

6 new projects have been sanctioned for the year 2012-13. The Committee feel that since the demand of coal from different sectors is increasing rapidly, it becomes imperative that major thrust should be given to R&D projects to support coal industry for safe and optimum exploitation of coal reserves including availability of clean coal to meet the demand challenges. The Committee, therefore, recommend that the Ministry should make all out efforts for timely completion of various on-going and new R&D projects. They also desire that the Ministry should draw necessary lessons from the underutilization of approved outlays for R&D scheme during 11th plan period and take appropriate steps to ensure full utilisation of the funds earmarked for R&D during 2012-13 and also the entire 12th plan period to derive the benefits from such projects in the coal sector. The Committee would like coal PSUs to earmark sufficient funds to augment the R&D activities in developing new and clean technologies for exploitation of coal reserves. The Committee also recommends that the Centre Mine Planning & Design Institute should be fully equipped to monitor and coordinate the ongoing technology upgradation works.

Action Taken

Expenditure: The expenditure on R&D activities during last three five years plans (IX, X & XI) and the projected expenditure for XII Plan period are given below:

Plan	Expenditure (Rs.in crore)
IX	24.97
X	52.61
XI	54.86 (Un-audited)
XII	80.0 (Projected)

The above Table, indicates that the expenditure on R& D has increased substantially. Expected utilisation of the budget during 2012-13 has been mentioned in the Action Taken Note for Point No. 1 under Research and Development.

Efforts for enhancing the quantum of research work and for wider involvement of research agencies including private organizations, has been mentioned in the Action Taken Note for Point No.4 under Research and Development.

(ii) Mechanism for monitoring:

To obviate the delay and for full utilization of funds, the progress of S&T projects is monitored by CMPDI and reviewed by Technical Sub-Committee of Standing Scientific Research Committee (SSRC) and SSRC under the Chairmanship of Secretary (Coal). Progress of the projects is being monitored by periodic visits to the implementing institutes by CMPDI officials to provide required help to complete the projects in time.

Quarterly progress reports of the projects are being received from the implementing agencies and the status of these projects is being placed before SSRC Sub-committee and also SSRC meetings periodically.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Comments of the Committee
(Please see para 17 & 18 of Chapter I of the Report)

UTILIZATION OF PLAN OUTLAYS BY COAL PSUS

Recommendation Serial No. 9

Coal India Limited

The Committee are unhappy to note that against the Plan Outlays of Rs. 4220.00 crore for CIL for the year 2011-12, the actual expenditure upto February, 2012 was only Rs. 2759.12 crore which comes to 65.38%. The Ministry have informed the Committee that shortfalls in utilisation of funds were mainly in ECL, WCL, NLC and MECL due to delay in procurement of Heavy Earth Moving Machine (HEMM). The Committee are constrained to note that despite the rising demand from various utility sectors and especially the new power projects, the actual production of coal by CIL is reported to be 427.80 MT (upto 27th March, 2012) against the target of 447 MT during 2011-12. The Committee are not satisfied with the reasons adduced by the Ministry for not achieving the production targets by CIL such as deficient supply of explosives, problem of coal evacuation, poor performance of new equipment supplied by Bharat Earth Movers Ltd. (BEML) for Northern Coalfields Ltd. (NCL) and South East Coalfields Ltd. (SECL) etc. The Committee feel that these administrative/technical delays should have been resolved by taking timely appropriate steps by the Ministry of Coal/CIL to address them in the right perspective. What is disturbing the Committee is that the procurement of HEMM has been a perennial problem that CIL has been experiencing since long and it has utterly failed to tackle this particular issue with more seriousness. The Committee, therefore, recommend that the Ministry/CIL should take necessary steps to resolve the bottlenecks affecting the production of coal so that the physical targets set for CIL commensurate with planned investment. The Committee would also like to be apprised of the reasons

for the poor performance of the newly supplied equipment by BEML and the remedial action taken by the CIL for optimal utilisation of the equipment.

Action Taken

Against annual capital outlay of Rs 4220.00 Crore, capital investment in CIL during 2011- 12 was of the order of Rs 3570.39 Crore with an achievement of about 84.61 %. In general, land acquisition problems and non finalization of HEMM contracts due to various complications are the main causes for the variation from the budget provision. Expenditure in BCCL & SECL was more than the target where as expenditure MCL, WCL, NCL and under the head of "CIL & others" is slightly less than the target.

The detailed break-up, subsidiary wise is tabulated below:

(Rs. in Crore)

Company	2011-12	
	BE	Actual
ECL	400.00	332.96
BCCL	**400.00**	**410.72**
CCL	350.00	320.99
NCL	800.00	702.11
WCL	350.00	275.72
SECL	**600.00**	**937.65**
MCL	700.00	497.95
Others *	620.00	92.29
Total CIL	**4220.00**	**3570.39**

*CIL/NEC/DCC/IICM/CMPDIL/Exploration through outsourcing/R&D

Subsidiary wise major reasons of less capital expenditures compared to Budget provision during the year 2011-12 is as under :

ECL:

Signing of final contract with M/S CODCO (China) for PSLW of Jhanjra UG got delayed. Regarding Chitra (East) acquisition of land & forestry clearance could not be obtained.

NCL:

Compensation for land could not be disbursed (only Rs 59.00 Cre against Rs 341.00 Crs) due to delay in finalization of rates.

Gyratory crushers for CHP were not supplied by M/S HEC in time. Railway siding work at Dudhichua&Khadia awarded to RITES which got delayed.

WCL:

Against the Budgeted capital of Rs 350.00 Cre actual expenditure stands at Rs 223.69 Crs. (Prov) i.e. % utilization being Rs 63.91 cre only.

Acquisition of tenancy land could not be done because of very high demand for compensation & employment from the villagers beyond the norms of CIL. In addition clearances of Forest land could not be

materialized due to undue delay on the part of Forests department in spite of vigorous follow up. The expenditure on these accounts could not meet the projected target.
In the absence of physical possession of land the mine development activities could not be taken up and hence there was less expenditure.

MCL:
Delayed tender finalization, cancellation of tenders on technical grounds and long supply schedule are the main reasons for less expenditure on account of HEMM procurement.
All mine development activities could not be taken up due to land dispute.
Coal Videsh:
In addition to the above, the additional provisions of Rs 6000.00 Cr were kept for acquisition of assets abroad, but no deals were finalized during 2011-12.

CIL has released about Rs 30.00 Cre for implementation of Master Plan of Jharia&Raniganj Fire Projects against the allotted Budget provision of Rs 350.00 Crs on Master Plan during the year 2011-12. Acquisition of land in non coal bearing area is the major constraint for lesser expenditure.
As per the information obtained from subsidiaries the budget allocated for procurement of HEMM during 2011-12 has been fully utilized by CIL as a whole.

However, necessary actions has been taken for further streamlining the procurement procedures of HEMM in terms of preparation of Standard NITs which are reviewed / upgraded based upon the experience and different guidelines issued from time to time from different Govt. departments / agencies as an ongoing process towards improvement.

The supplies of Bulk Loading explosives were not as per CIL's requirement due to inadequate availability of ammonium nitrate indigenously and apparent delay in import of the same by the vendors. This issue has since been resolved by continuous pursuance by CIL with the vendors to increase import of ammonium nitrate to meet the requirement of explosives. For further streamlining the supplies of ammonium nitrate and thereby bulk loading explosives, CIL proposes to enter into a joint venture with RCF (Rashtriya Chemical &Fertiliser Ltd.) and IOCL (Indian Oil Corporation Ltd.) – IBP Division for manufacture of explosives.

The problems in the newly supplied equipments by M/s BEML are generally of the nature of repetitive failures of some of the systems / sub- systems due to in-adequate quality assurance, teething problems in some of the new equipment, poor response time from M/s BEML to provide service support etc. Regular follow-ups with M/s. BEML, at different levels, are being done by CIL/subsidiary companies to resolve

the issues affecting the performance. However, considering the large fleet of BEML equipment at CIL, there is much more required to be done by BEML to ensure trouble free operation of the equipment being supplied by them.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Comments of the Committee
(Please see para 28 of Chapter I of the Report)

Recommendation Serial No. 10

The Committee note that the Plan Outlay (mine) of Rs. 104.58 crore of Neyveli Lignite Corporation (NLC) at BE stage was enhanced to Rs. 118.90 crore during 2011-12 and a provision of Rs. 131.70 crore has been made during 2012-13. The Plan Outlay of NLC in power sector was however drastically reduced from Rs. 1753.97 crore at BE stage to Rs. 1298.95 crore during 2011-12 and the actual expenditure upto Jan, 2012 has been Rs. 1321.05 crore. The plan investment by NLC for power sector during 2012-13 is budgeted at Rs. 1555.75 crore. The Committee have been given to understand that delay in supply and erection of equipment by the main plant contractor (BHEL) in TPSII Expansion, Barsingsar Power Project and coal based power plant at Tuticorin were the main contributors for the decrease in outlay in power sector. The Committee also note that out of total outlay of Rs. 1687.45 crore for BE 2012-13, six projects viz., Mine II Expansion, TPSII, Barsingsar Mines, Barsingsar TPS, Tutticorin TPS and NNTPS at a total outlay of Rs. 1506.40 are under implementation. The Committee would like NLC to put in place an effective monitoring mechanism for speedy implementation of these projects during 2012-13 to avoid time and cost overruns. The Committee would like to be apprised about the progress of these projects.

Action Taken

As stated in the observation of the committee, the following six projects were allocated a total outlay of Rs.1506.40 Crore out of Rs.1687.45 Crore allocated in BE 2012-13.

Projects	Rs. Crore	Commissioned on	Anticipated Commersial Operation Date(COD)
Mine-II Expansion (4.5 mtpa)	45.00	12.3.2010	-
Barsingsar Mine (2.1 mtpa)	11.40	31.1.2010	-

Barsingsar TPS (250 MW)	65.00	U-I -20.01.2012 U-II- 29.12.2011	-
TPS-II Expansion (500 MW)	185.00	-	U-I - Oct2012 U-II- Mar 2013
Tuticorin JV Power Project (1000 MW)	950.00	-	U-I - Dec 2013 U-II- Mar 2014
Neyveli New TPS (1000 MW)	250.00	-	U-I - June 2015 U-II- Dec 2015
Total	**1506.40**		

The allocation of funds for two commissioned mines is for meeting the spill over payments of the project. An allocation of Rs.65 Crore to Barsingsar TPS, is primarily considered for making terminal payments. It's outgo depends on successful completion of Long Term Performance Test (LTPT) of commissioned units.

For TPS-II Expansion, the allocated amount Rs.185 Crore will be spent fully during this year, in which the COD is anticipated.

The implementation of JV project under construction at Tuticorin, is at an advanced stage and at the current pace of progress, the expected flow of funds to project during this year is likely to exceed the targeted amount.

In Neyveli New TPS, the tendering activities are at an advanced stage. On finalisation and award of LOA for Main packages, the time for release initial advance payment matures and hence, the sum of Rs.250 Crore is allocated to meet such initial cash outflow for the project. The company is well prepared and is likely to achieve the envisaged physical / financial targets as planned during Current Financial year 2012-13.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Recommendation Serial No. 11

Though NLC has exceeded the lignite production target during 2008-09 and 2009 -10, it has achieved 95.87% production target during 2010-11. The Committee are, however, surprised to note that the lignite production target has been reduced from 239.50(LT) to 194.90 (LT) and the actual production has been 197.04 (LT) during 2011-12. The production target by NLC in power sector has never exceeded the target except in the year 2009-10 which has been 106.36% achievement. Now the physical targets set for 2012-13 are 248.00 lignite(LT) and 18600.00 (mw) power. A coal

based TPS (1000 mw) under construction in Tuticorin with allocation of Rs. 915.00 crore is scheduled for commissioning during 2012-13. The NLC is reported to be actively pursuing to get early sanction from competent authorities for preliminary activities like FR preparation, EIA/EMP study. Keeping in view the unduly long time taken for obtaining multiple statutory clearances from different agencies, the Committee would like NLC to act fast and pursue vigorously with the authorities concerned for obtaining the required approvals. The Committee recommend that the Ministry should analyse the precise reasons for the delay of the projects which could not be completed during 2011-12 and take effective remedial measures to ensure timely completion of the on going projects.

Action Taken

As stated in the observation of committee, the following six projects were allocated a total outlay of Rs.1506.40 Crore out of Rs.1687.45 Crore allocated in BE 2012-13.

Projects	Rs. Crore	Commissioned on	Anticipated Commersial Operation Date(COD)
Mine-II Expansion (4.5 mtpa)	45.00	12.3.2010	-
Barsingsar Mine (2.1 mtpa)	11.40	31.1.2010	-
Barsingsar TPS (250 MW)	65.00	U-I - 20.01.2012 U-II- 29.12.2011	-
TPS-II Expansion (500 MW)	185.00	-	U-I - Oct 2012 U-II- Mar 2013
Tuticorin JV Power Project (1000 MW)	950.00	-	U-I - Dec 2013 U-II- Mar 2014
Neyveli New TPS (1000 MW)	250.00	-	U-I - June 2015 U-II- Dec 2015
Total	**1506.40**		

The allocation of funds for two commissioned mines is for meeting the spill over payments of the project. An allocation of Rs.65 Crore to Barsingsar TPS, is primarily considered for making terminal payments. It's outgo depends on successful completion of Long Term Performance Test (LTPT) of commissioned units.

For TPS-II Expansion, the allocated amount Rs.185 Crore will be spent fully during this year, in which the COD is anticipated.

The implementation of JV project under construction at Tuticorin, is at an advanced stage and at the current pace of progress, the expected flow of funds to project during this year is likely to exceed the targeted amount.

In Neyveli New TPS, the tendering activities are at an advanced stage. On finalization and award of LOA for Main packages, the time for release initial advance payment matures and hence, the sum of Rs.250 Crore is allocated to meet such initial cash outflow for the project. The company is well prepared and is likely to achieve the envisaged physical / financial targets as planned during Current Financial year 2012-13. All the major ongoing projects costing Rs. 500 Crore and above are being strictly monitored in the quarterly project review meetings under the Chairmanship of Secy (Coal) and corrective measures are taken accordingly. Further issues relating to project implementation are also being discussed in the review meetings taken by Hon'ble Minister of Coal periodically.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Recommendation Serial No. 12

SCCL

The Committee are dismayed to note that only Rs. 643.81 crore were expended by SCCL against Rs. 1334.93 crore approved at BE stage during 2010-11 which has been 45% only. Again, during 2011-12, the plan outlays of Rs. 2804.30 crore at BE stage were reduced to Rs. 1389.67 crore at RE stage and the provisional expenditure upto Feb., 2012 is reported to be Rs. 740.65 crore which account for only 53.20% of the RE. The plan outlays of SCCL for the year 2012-13 is now pegged at Rs. 3220.33 crore. The main reasons for less expenditure during 2011-12 adduced by Ministry of Coal include delay in finalisation of Boiler Tribunal Generator order placed on M/s BHEL and against a provision of Rs.1050 crore, only Rs.347.12 crore has been paid to BHEL. In case of AdriyalaLongwall Project, an amount of Rs. 556.66 crores was provided in BE 2011-12 for Plan & Machinery, considering that Longwall equipment will be received in the year 2011-12. The Committee would like to remind the Ministry that during the course of examination of Demands for Grants of the Ministry for 2011-12, the Committee were informed that Adriyala project and longwall equipment could not be taken during 2010-11 and therefore the same were to be taken up even during 2011-12. But to the dismay of the Committees these projects could not be taken up even during 2011-12 resulting thereby downrising the outlay year after year. At this speed the Committee are doubtful whether these projects would be

completed even during 2012-13. The Committee deprecate this lackadaisical attitude of SCCL and would like the Ministry to review the working of the company with a view to bringing about perceptive improvements. The Committee would like to be informed on the action taken in this regard.

Action Taken

Details of SCCL's plan outlay and actuals during 2010-11, 2011-12 and 2012-13 are as under :

(Rs.in Crores)

SCCL	2010-11 BE	2010-11 RE	2010-11 Actual	2011-12 BE	2011-12 RE	2011-12 Provisional	2012-13 BE
Capital Outlay	1334.93	1124.57	643.81	2804.30	1389.61	950.70	3220.33

The total plan outlay of SCCL for the year 2010-11 at BE stage was Rs.1334.93 Crs. At RE stage it was reduced to Rs.1124.57 Crs. The Capital expenditure incurred for the year 2010-11 is Rs.643.81 Crs.

Investment for BE 2011-12 is planned at Rs. 2804.30 Crs. However, at RE stage Outlay has been reduced to Rs.1389.61 Crs. The provisional capital expenditure incurred by SCCL during the year 2011-12 is Rs. 950.70 Crs.

Main Reasons for less expenditure in the above Plan periods (2010-11 & 2011-12) are as furnished below;

i) 2X600 MW Power Project:
The final order for BTG (Boiler, Turbine and Generator) for 2X600 MW Power Project was placed on M/s BHEL.

SCCL had sent an enquiry on nomination basis along with bidding documents on 13.08.2010 to M/s BHEL for submission of their offer for BTG. After receiving the bids from M/s BHEL, they were forwarded to SCCL's technical consultant M/s NTPC on 13.11.2010.

M/s NTPC submitted their technical evaluation report on 30.08.2011. NTPC has taken considerable time i.e., 9 ½ months to submit their final evaluation report.

Meanwhile, the activities of negotiations on Techno-commercial aspects, price negotiations and tender committee proceedings were completed.

Subsequent to the perusal by the Board of Directors on 12.09.2011, finalized notification of awards was issued on 11.11.2011 i.e., Zero date of

the project. Thus the entire time taken for the above was around 13 months. In view of this the projected expenditure for Power Project could not be made during the years 2010-11 and 2011-12.

However, Mobilization advance of Rs.348.22 Crs. was paid to M/s BHEL during the year 2011-12 against Rs.1050.00 Crs. projected in BE 2011-12 for BTG. The total outlay projected for Power Project in BE 2011-12 was Rs.1500.00 Crs. and the total expenditure incurred is Rs.350.50 Crs. (provisional).

The first unit of the project is scheduled to be commenced by February 2015 and the second unit is expected to be commissioned during May 2015. SCCL is confident of spending the total projected outlay fully in the coming years.

ii) AdriyalaLongwall Project

An amount of Rs.556.66 Crs is provided for AdriyalaLongwall Project (ALP) in 2011-12, against which, Rs.101.90 Crs (provisional) expenditure is incurred.

Longwall equipment was originally planned to be received in the year 2011-12. However, procurement of Longwall equipment was delayed due to failure of first Proto type Powered Roof Supports during testing. Now, the consignment is expected to be received during the financial year 2012-13.

iii) Others

The expenditure incurred on others is Rs.193.24 Crs against Rs.377.72 Crs projected in BE 2011-12. Because of court cases, a number of HEMM i.e. Dumpers, Drills, Motor Graders etc., could not be procured resulting in less expenditure than planned.

Further, SCCL is hopeful of total utilization of funds earmarked and is committed to complete the construction of Projects within the stipulated time frame.

Reasons for increase in plan outlay at BE stage for 2012-13-

The capital outlay proposed for BE 2012-13 is Rs.3220.33 Crores. Out of Rs.3220.33 Crores, major portion i.e., Rs.1840.00 Crores has been proposed for 2X600MW STPP towards BTG and other works.An amount of Rs.700.00 Crores has been proposed for Longwall Equipment and other works of AdriyalaLongwall Project.Rs.60.00 Crores have been proposed for 20 MW Power Project.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Recommendation Serial No. 13

Production of Coal

The Committee are constrained to point out the production of both coking and non-coking coal registered a negative growth of -2.6% in 2011-12 as compared to the growth rate of 8 percent in 2009-10. Consequently, the Indian energy sector has been exposed to import fluctuations. The Ministry have adduced the often repeated problems of land acquisition, rehabilitation and resettlement issues, constraints in obtaining environmental and forestry clearances, non-availability of railway rakes and delay in infrastructure facilities, law and order problems in some of the coalfields. It has also been stated that as per the Working Group Report total coal production in the country is expected to a level of 795 MT by the end of the 12^{th} Five Year Plan. The contribution of CIL and SCCL out of this is expected to be 615 MT and 57 MTs respectively. Though, CIL has taken some corrective measures to increase coal production by improving capacity utilization, timely completion of ongoing projects, better coordination with State and Central Departments for obtaining statutory clearances etc, yet these steps appears to have not yielded the desired results so far. The progress in the completion of various ongoing projects has been tardy since the above problems have remained unresolved since long. The Committee are constrained to point out that the issues have not been addressed despite their earlier recommendations wherein the Ministry were urged to accord top priority to hammer out the above-mentioned perennial problems ultimately resulting not only in non achievement of coal production target but also causing cascading effect on the country's economy. In the opinion of the Committee, the reasons cited are mainly administrative in nature and these could have been resolved by proper planning, anticipation and discharge of responsibility by the management of the coal PSUs. The Committee would, therefore like the Ministry to facilitate the coal PSUs in removing the bottlenecks by taking appropriate steps. The issue of shortage of railway rakes should also be vigorously taken up at the appropriate levels with the Ministry of Railways. As regards law and order problems in some of the coalfields, the Committee feel that either there is lack of proper coordination with the State and local authorities or there is a lack of seriousness on the part of management/vigilance departments of PSUs. The Committee, therefore desire the Ministry to make all out efforts to address the problem of law and order in close coordination with State Departments concerned.

Action Taken

In order to overcome the problems of land acquisition, rehabilitation & resettlement issues, constraints in obtaining environmental & forestry clearances, law & order issues and to expedite implementation of projects various steps have been taken.

A comprehensive R&R policy (R&R policy of CIL, 2012), consonant with existing laws & Acts, is now in place and under implementation for overcoming the land acquisition & associated R&R problems. Efforts are being made at all levels by CIL & its subsidiary companies to expedite statutory clearances through meetings with State officials & affected parties. Steps have also been initiated by MOC &MoEF for expediting approval of pending environmental & forestry clearances. Meetings have been held between MoC, Coal Companies & State Governments for overcoming problems related to land acquisition, forestry clearances & law and order.

As far as SCCL is concerned the company has been solving problems to the best of its capacity and wherever government help / intervention are required, SCCL is bringing it to the notice of the agency concerned.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Coal Dispatches and Supply

Recommendation Serial No. 14

The Committee are concerned to note the dismal growth of coal dispatches by CIL (0.06%) and SCCL (-0.3%) during 2011-12 despite the fact that a large number of infrastructure projects in Power, Steel, Cement and Fertilizer schemes are coming up in the country. The Committee further regret to observe that sector-wise dispatch by CIL indicate a negative growth for coal supply to various sectors. Similarly, SCCL has registered a negative growth for coal supply to steel (-38%), cement (-25.4%). Keeping in view the unsatisfactory performance of supply and dispatch by CIL and SCCL during 2010-11 and 2011-12, the Committee recommend the Ministry/coal companies to take necessary corrective measures to ensure the targeted supply and dispatch to all the consuming sectors during 2012-13 and the 12th Plan.

Action Taken

COAL INDIA LIMITED

In spite of achieving off-take growth of more than 5% till July 2011, there had been nil growth in despatch at the end of December'11. This was due to unprecedented monsoon during the period August to November 2011. On the onset of dry season steps were taken to augment despatch and more than 7% growth in off-take was achieved in the last quarter of the year. This has helped CIL to ultimately register a 2% growth in dispatch of coal & coal products in 2011-12. The sector-wise growth in dispatch of coal & coal products from CIL sources during 2011-12 is given in the table below:

Figs. in Million Tonnes

Sector	2011-12	2010-11	% Growth
Power	312.20	304.14	2.7
Steel	3.79	3.57	6.2
Cement	10.12	10.00	1.2
Fertilizer	2.71	2.78	(-) 2.5
Others	103.07	102.95	0.1
Total	431.89	423.44	2.0

In order to achieve targets for dispatch of coal in 2012-13, CIL has taken following steps:

a) Arrangement has been made for transportation of sufficient quantity of coal from pithead to railway sidings to ensure that rakes indented from Railways are loaded within the stipulated free loading time.
b) Close liaison is being maintained with pithead consumers so that the targeted quantity of coal moves through the captive transportation system.
c) Month-wise, field-wise wagon loading programme is formulated by the Zonal Railways and subsidiary coal companies under the tutelage of Railway Board and CIL in the annual Rail-Coal Interface, 2012.
d) Rail-Coal monitoring systems are put in place at different levels of operations – Company headquarters- Railway Zone/Division; Coal Area – Railway Division/Area and Colliery-Railway yards.
e) Special drives are afoot in the coal companies to upkeep roads, sidings etc. to minimize impediments in dispatch during monsoon

SINGARENI COLLIERIES COMPANY LIMITED (SCCL)

Coal supply to Cement, Captive Power and Sponge Iron were less during 2011-12 as compared to 2010-11 due to –

(i) 35 days long strike in SCCL for separate Telengana which affected production and dispatch of coal.

(ii) Only 19.39 rakes / day were moved by Railways during 2011-12 against requirement of 22 rakes / day.

Despite this, SCCL has dispatched a total of 51.389 MT of coal during 2011-12, registering 2.68% growth over the previous year (50.046 MT). The sector-wise coal supplied during 2011-12 & 2010-11 are as below:

Sector	Coal dispatched in MT		Growth over 2010-11
	2011-12	2010-11	
Power	36.840	32.738	12.53 %
Cement	5.125	6.660	- 23.05 %
Captive Power	2.687	3.308	- 18.77 %
Sponge Iron	1.073	1.561	- 31.26 %
Other Industries	5.664	5.779	- 1.99 %
Total	51.389	50.046	2.68 %

SCCL is taking every measure to improve the coal dispatch to various sectors during 2012-13 and the 12th Plan.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Land Acquisition

Recommendation Serial No. 16

The Committee note that the issue of land acquisition is affecting completion of various coal and lignite projects. Although CIL has formulated its own R&R policy and later on revised the same in consonance with National R&R policy 2007, it could not satisfy the aspirations of land losers. The Ministry of Coal have informed that a committee consisting of Chief Secretaries of Coal Bearing States, Secretaries of the Ministry of Rural Development, Department of Land Revenue, Ministry of Tribal Affairs, the Ministry of Environment and Forest, CMDs of all subsidiaries of CIL and Director(P&IR), CIL was constituted to examine further liberalization of CIL's R&R Policy and to redress aspirations of the Project Affected Persons (PAPs) and to evolve a "PAP FRIENDLY R&R POLICY". After incorporating the deliberations of the Inter Ministerial meetings, CMDs meet and comments from the Subsidiary Companies, CIL R&R Policy, 2012 has been re-drafted by incorporating better provisions of the National Rehabilitation and Resettlement Policy(NRRP), 2007 and the Land Acquisition, Resettlement & Rehabilitation Bill, 2011, in order to come out with one of the best R&R Policies of India having multiple options for the Project Affected Persons and flexibility to the Subsidiary Companies in order to resolve the peculiar problems in their leasehold areas. The revised new Rehabilitation and

Resettlement Policy, 2012 was placed before the CIL Board meeting held on 12th& 13th March, 2012 and accorded its approval with minor modifications. The revised policy is now reported to be in the final stage for approval of the Competent Authority for circulation to all concerned for its implementation from the date of the approval of the Board. The Committee feel that the main hurdle in land acquisition is mostly due to the inadequate compensation or ignoring long term interests of the Project Affected Persons. The Committee are of the firm view that the issue of land acquisition needs to be solved through substantial increase in compensation on the basis of market rates and unless this perennial problem is solved, new coal projects cannot be taken up for implementation and the physical and financial targets of coal production are bound to suffer. The coal companies should adopt a policy by making provisions to extend the benefits of R&R package and employment to the affected families forthwith. Delay in implementing beneficial measures will frustrate the wills of the people to handover their land. In other words, the whole scheme and implementation thereof should be made in a manner that affected persons are attracted to give their land to the coal companies. The Committee, therefore, desire that the new R&R Policy should be expeditiously got approved and sincerely implemented by safeguarding the interests of the project affected persons by offering them attractive rehabilitation package and generation of long term employment opportunities. Once these measures are put in place, the problem of land acquisition for various coal and lignite projects would be resolved to a large extent.

Action Taken

Coal India Limited has introduced a new Resettlement and Rehabilitation Policy, 2012 with effect from 13.3.2012. The policy envisages that land compensation to land oustees is paid as per the provisions of the concerned Act or State Government notification. Solatium and Escalation are paid to land oustees as per provisions of the concerned Act or as imposed by the concerned State Govt. Employment is provided to land oustees against every two acres of land. All the land losers who are not eligible for employment as above, are entitled to receive monetary compensation in lieu of employment at the rate of Rs.5,00,000/- (Five Lakhs) for each acre of land on pro-rata basis. They have also option to accept annuity in lieu of monetary compensation.

One time lump sum payment of Rs.3,00,000/-(three lakhs), is paid in lieu of alternate House site, assistance in designing &shifting allowance, compensation for construction of cattle shed, monetary compensation for construction of work shed etc. are provided. Each affected displaced family gets a subsistence allowance at the rate of 25 days (Minimum Agricultural Wage) per month for one year.

The coal companies assist the Project Affected People (PAPs) to establish non-farm self-employment through the provision of infrastructure, petty contracts or formation of cooperatives and encourage provisions of Jobs with contractors. Contractors are persuaded to give jobs to eligible PAPs on preferential basis. As far as possible, Coal companies shift the tribal community as a unit and provide facilities to meet the specific needs of the tribal community that allow them to maintain their unique cultural identity. Tribal affected families are given one time financial assistance of 500 days for loss of customary right or usages of forest produce loss. Tribal affected families resettled out of the district shall be given 25% higher rehabilitation and resettlement benefit.

The coal companies will provide at the resettlement site, a school, road with street light, pucca drain, pond dugwell and/or tube well for drinking water supply, community center, place of worship, dispensary, grazing land for cattle and play ground. Similar infrastructural facility, if necessary, is extended to the host locality. The community facilities and services are available to all residents of the resettlement colonies, including PAPs and the host population. The approach for operation of community facilities is flexible and all efforts are made to involve the State and local self-Government/ Panchayat for operating the facilities. The planning of the community facilities and their construction is undertaken in consultation with the affected community.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

<u>Environmental Clearance</u>

Recommendation Serial No. 17

The Committee are anguished to observe that despite their repeated recommendations the Ministry have not been able to resolve the issue of obtaining environment and forestry clearances for coal and lignite projects. As of now, 125 proposals are awaiting stage-I clearances and 53 proposals are pending for stage-II clearance. Hence, most of the proposals are awaiting environmental and forestry clearances at various levels. The Ministry have informed that Committee that the issue of environmental and forestry clearances has been discussed at various higher levels between Ministry of Coal and Ministry of Environment and Forests. In the meeting of Group of Ministers [GoM] held on 20.09.2011, it has been decided to do away with the concept of 'Go and 'No-go' areas based on the recommendation of Chaturvedi Committee but this decision is yet to be referred to the Cabinet Committee on Infrastructure. Strangely, the decision of the GOM has not been referred to the Cabinet Committee on Infrastructure so far and the precious time of more than 6 months has been lost without any tangible result. The Committee feel that the Ministry ought to be more pro-active in pursuing the matter with

concerned authority in the Government giving it top-most priority. The Committee would like to be apprised of the further action taken by the Ministry in this regard.

Action Taken

"MOC had already requested MOEF to convey the decision of GOM in regard to Go/NO Go forest area to the State Forest Departments. .Further, Group pf Ministers(GOM) had reiterated their decision in regard to Go/No Go concept and directed MOEF to act accordingly in their 7th meeting held on 30.05.2012."

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Allotment of Captive Coal Blocks

Recommendation Serial No. 20

The Committee in their 1st Report on Demands for Grants(2009-10) of the Ministry of Coal had recommended that 138 coal blocks which were identified by Coal India Ltd. might be allotted to it for extraction of coal. The Committee strongly feel that allotment of these coal blocks to CIL will boost its coal production so that it can fulfill its mandate for being the sole coal supplier to various consumers in the country. Reiterating their earlier recommendation, the Committee would like to know the precise action taken by the Government in this regard.

Action Taken

CIL has been assigned 116 coal blocks on 23rd May, 2012 and they have been asked to give a detailed plan for exploitation of these blocks. Further, 3 more blocks out of the de-allocated blocks have also been assigned to CIL on 21st June, 2012.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Illegal Mining

Recommendation Serial No. 21

The Standing Committee in their earlier report on the subject 'Prevention of Illegal Coal Mining and Theft' had observed that the officers of personnel and legal department of coal companies should make all endeavours to ensure that the criminal trial pending for illegal and un-authorised coal mining are ended with conviction. Unfortunately, the coal companies could not produce any facts and data establishing the appropriate steps taken in this regard. The Committee deprecate such a lackadaisical attitude of coal companies. It is unfortunate that in cases of such huge illegal coal mining there is not a single conviction made by appropriate court by reason of non persuasion of such case either by the appropriate Government or by the coal companies. The responsibility in

this regard should be immediately fixed on personnel and legal officers of the companies for their reluctance to pursue the criminal cases in appropriate criminal court. The Committee would like coal companies to take stringent action against the officers of the coal companies for dereliction of their duties.

Action Taken

Illegal mining is mainly reported from the States of West Bengal, Jharkhand falling under the jurisdiction of Eastern Coalfields Ltd (ECL) and Bharat Coking Coal Ltd (BCCL) As per raids conducted by security personnel as well as joint raids with the law and order authorities of the concerned State Government, the number of FIRS lodged in connection with illegal mining of coal along with its outcome in different subsidiaries of CIL, during 2008-09, 2009-10 and 2010-11 are given at **Annexure II and III.** The quantity recovered during the raids has declined from 2008-09 to 2011-12.

It may be stated that illegal mining is taking place mostly, where the surface rights do not belong to CIL. Hence, coal companies do not have any legal right in such cases. In case any illegal mining is noticed within the area in which CIL has the surface right, action is taken by dozing and filling the area, with the help of CISF, departmental security personnel and state police. As recommended by the Standing Committee on the subject 'prevention of illegal mining and theft', the CMDs of all coal companies have been asked to take necessary action to appoint a Nodal Officer at subsidiary and Head Quarter level. State Governments have also been requested to take measures for prevention of illegal mining setting up of Inter State Joint intelligence and action force to combat the problem of illegal mining and for having better co-ordination, setup of Task Force under the supervision of the Deputy Commissioner and Superintendent of Police of the concerned area, preparation of action plan, State wise, for the socio economic development of coal bearing areas in general and tribal inhabited areas in particular, etc.

Further the CMD of Coal India Ltd. (CIL) and CMD's of subsidiary companies have been directed to take corrective measures to streamline the intelligence and legal departments of coal companies. The CMDs have also been requested to take disciplinary action against the officials who fail to discharge their duties, while handling activities of illegal coal mining.

The number of FIRS lodged in connection with illegal mining of coal in different subsidiaries of CIL during 2008-09, 2009-10 & 2010-11 along with the outcome and current status, subsidiary wise and State wise, is

given as Annexure II. In brief it may be stated that during 2008-09 to 2009-10, a total number of 32 & 5 charge sheets were filed in ECL & BCCL respectively.

To sensitise the issue the subject, the subject of 'pilferage/ theft of coal and steps to be taken to prevent it' has been taken as the agenda for the meetings of the Consultative Committee (Coal) on 5.7.2011 and 6.9.2011.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Implementation status of Recommendations contained in 16th Report

Recommendation Serial No. 25

The Committee note that the Action Taken Replies regarding the action taken by the Government on the recommendations contained in the Sixteenth Report of the Committee were not furnished by the Government within the stipulated three months i.e. by 29th November, 2011 and were only furnished on 19 March, 2012. Similarly, the Statement by the Minister under direction 73A of 'Directions by the Speaker, LokSabha' which is to be made within 6 months period has not been done so far. The Committee, therefore, expect the Ministry to be more careful in future and take appropriate and timely action in furnishing action taken notes and making of Statement in the House.

Action Taken

The Observations of the Committee have been taken note of for further compliance.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

CHAPTER – III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Fuel Supply Agreement (FSA) by Coal Companies:

Recommendation Serial No. 15

The Committee observe that the New Coal Distribution Policy has introduced the concept of "Letter of Assurance" (LoA), which provides for assured supply of coal to developers, provided they meet the stipulated milestones. Once the milestones as stipulated in the LoA are met by the developers, LoA holders are entitled to enter into Fuel Supply Agreements (FSAs) with the coal companies for long-term supply of coal. The quantity of coal to be supplied along with other commercial terms and conditions are covered in the FSA itself. During examination of the Demands for Grants of the Ministry (2009-10), the Committee had recommended issuance of Letters of Assurance (LoA) to the consumers of Power sector. The Committee have been informed that FSAs were signed with only those power plants that had been established till March, 2009. The Committee are astonished to find that no Standing Linkage Committee (SLC) (L-T) meeting took place for issuance of LoA and no FSA has been signed with power plants that have come up after March, 2009. The Committee feel that the Indian Power Sector is going to be seriously affected if the LoAs and FSAs are not urgently concluded by the coal companies. The Committee also note that the Working Group on Coal and Lignite for the XII Plan Period have projected coal production of 615.00 MT by CIL. Going by the projected targets, the coal companies are expected to have sufficient coal stocks to meet the requirements of the Power Plants. The Committee, therefore, strongly recommend that all the issues regarding signing of Fuel Supply Agreements with power utilities must be resolved at the earliest so as to avoid impending energy crisis in the country. If milestones are achieved by the LoA holders, the coal company should immediately enter into Fuel Supply Agreements and they should not delay the process only by raising trivial issues. It is the responsibility of coal companies that when holders of LoA achieved the milestone, the coal companies should enter into FSAs and act on the basis of such agreement immediately. The policy of the Central Government to distribute the coal to the holders of LoAs should not be frustrated by coal companies unless there is substantial failure on the part of LoA holders to achieve the milestone. The Committee also feel that there is an imperative need to provide linkages to the upcoming power projects in different parts of the country.

Action Taken

COAL INDIA LIMITED

The Standing Linkage Committee (Long Term) (SLC(LT)) for Power, an inter-Ministerial Committee, headed by Additional Secretary (Coal) and comprising representatives of Ministry of Power, CEA, Railways and coal companies consider the applications seeking Long Term Coal Linkage/Letter of Assurance for setting up power projects in the country. The Committee makes recommendations based on the recommendations of Ministry of Power and other relevant factors. Based on the recommendations of SLC (LT) for Power as approved by the competent authority, the coal companies have issued 172 LoAs for a total capacity of 1,08,878 MW. This capacity excludes the power utilities already linked to CIL/SCCL, which were commissioned as on 31.3.2009, for which CEA /CIL has agreed for the Annual Contracted Quantity of 304.84 Million Tonnes per annum.

2. CEA intimated that about 26,000 MW LoA based power projects have been commissioned by 31.3.2012 (in the 11^{th} Plan) and the balance capacity of about 80,000 MW is likely to come up during 12^{th} Plan period and beyond.

3. Keeping in view their production and FSA / LOA commitments on subsidiary companies, CIL proposed that in respect of power plants which have been commissioned after 1.4.2009, they would be able to commit only 50% of FSA quantity through indigenous sources and balance 50% through imports, if feasible. However, as CIL was not able to import coal due to lack of firm commitments from power utilities and other issues, they were committing only 50% coal supplies in the FSA. Accordingly, efforts were made to freeze the capacity of power projects for which coal supply could be assured during 12^{th} Plan period and to identify such projects. In the meetings held in the Cabinet Secretariat and finally in a meeting taken by the Principal Secretary to PM on 1.2.2012, it was decided that CIL will sign FSAs with the power plants that have already been commissioned and were likely to be commissioned by 31.3.2015 with the total capacity of 60,000 MW as per list provided by CEA. In cases of power plants that had been commissioned till 31.12.2011, it was decided that FSAs would be signed by 31.03.2012. FSAs are however to be signed only with those power plants which have long term Power Purchase Agreements (PPAs) with DISCOMs.

4. In accordance with the decisions taken in the meeting held on 1.2.2012, a letter was sent to CIL on 17.2.2012 to sign FSAs with the identified power utilities. A Presidential Directive dated 4.4.2012 was also issued by this Ministry to CIL to implement the instructions of Ministry of Coal issued on 17.2.2012 and to sign FSAs in respect of plants already

commissioned upto 31.12.2011. The subsidiaries of CIL have so far signed 27 such FSAs as per the instructions issued by the Ministry of Coal.

5. Ministry of Power, however, objected to certain clauses of the FSA and suggested that the conditions of FSAs to be signed by CIL with power projects could remain the same, as those laid down in the FSA in respect of plants commissioned till 31.3.2009, except for the provisions relating to trigger level, import and GCV which require modification. These issues were discussed in the Government. In the interest of the growth of the economy and to increase the power generation, it has been felt that efforts are needed to make adequate coal available and CIL being the main producer of coal in the country has to take the initiative to tide over the current situation. However, keeping in view the production constraints mentioned by CIL , it is felt that it may not be able to go beyond the targets fixed by the Planning Commission. One alternative available to CIL as per the provisions of New Coal Distribution Policy (NCDP) appears to be the import of coal from time to time to meet the shortfall. A feasible/ acceptable model for this is being considered by CEA, CIL, Ministry of Power and Ministry of Coal. Considering the constraints in ramping up production and arranging import in the first 2 years of the 12^{th} Plan, CIL has to decide the penalties for supplies to be suitably relaxed and in a graded and reasonable manner as compared to the penalty levels envisaged in the FSA document applicable to plants commissioned before 31.3.2009. CIL has accordingly been advised on 23.7.2012 to take appropriate decisions for revision of clauses of FSA to be signed in respect of the plants having long term PPAs with DISCOMS and commissioned/to be commissioned during 1.4.2009 to 31.3.2015.

SINGARENI COLLIERIES COMPANY LIMITED (SCCL)

SCCL has issued LOAs to all the customers recommended by Ministry of Coal. After achieving the stipulated milestones, FSAs were concluded with the customers. In case of major power plants, SCCL has signed FSAs with all the power plants linked to SCCL and renewal of FSA with APGENCO is under negotiation.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

CHAPTER – IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation Serial No. 2

The Committee also observe that the total Plan Outlays of the Ministry of Coal and PSUs under their administrative control for the year 2012-13 have been increased to Rs. 15,132.78 crore as compared to Rs. 9302.85 crore at BE 2011-12, which were further reduced to Rs. 7367.46 crore at RE stage. The Committee are, however, concerned to note that the actual expenditure during 2011-12 from the Plan Outlays of Coal PSUs is reported to be Rs. 4886.87 crore (prov.) only. Significantly, against the provision of Rs. 6000 crore (BE stage 2011-12), no amount was utilized on acquisition of assets abroad during the year, though the Plan Outlay was reduced to Rs. 1000 crore at RE stage. The Committee can only conclude that the Ministry/coal companies have not made any headway in acquisition of coal resources abroad while huge Plan Outlay is allocated at BE which has ultimately resulted in downgrading the outlay. The Committee firmly believe that early acquisition of coal resource abroad will tide over the shortage of coal in the country. The Committee find that for development and acquisition of coal resources abroad Rs. 5500 crores is reported to have been kept as an ad hoc provision during the year 2012-13. The Committee would like the Ministry of Coal/CIL to accord highest priority to this proposal and pursue the same vigorously. In view of the gross underutilization of plan investments, the Committee also recommend that the Ministry/Coal PSUs should take advance and better planning to fix realistic budget outlays in order to avoid drastic reduction in the plan funds at RE Stage and to ensure that the allocations earmarked for different schemes are fully utilized.

Action Taken

Total Plan Outlay of Ministry of Coal & PSUs under the administrative control of the Ministry of Coal during the year 2012-13 is Rs. 15226.78 crore as against 9302.85 crore for the year 2011-12 (BE). The actual expenditure during 2011-12 was Rs. 6332.82 crores. While the CIL achieved 86.14%, NLC achieved 91% and SCCL 68.41% of the revised plan outlay during 2011-12. The main reason for significant shortfall in achieving the target by SCCL was delay in implementing certain important activities pertaining to thermal power plants & procurement of longwall equipment for AdriyalaLongowal Project.

As far as the issue of importing of coal & acquisition of coal resources abroad is concerned, it may be stated that only CIL is concerned with

these issues. CIL had initiated the process for acquisition of coal assets abroad through Global Expression of Interest (EoI) route. Due to lack of clear guideline on acquisition of coal assets abroad this EoI process did not yield the desired result. An ad-hoc provision of Rs 5500 crore has been kept in the BE for 2012-13 for this purpose.

CIL Board in its 251st meeting on 9.9.2009, approved the proposal to import coal for power companies during 2009-10, subject to:

i). Obtaining of firm commitment from consumers and

ii) Consumers agreeing to procure imported coal on a cost plus basis.

CIL, has so far not received any long term commitment from any coal consumers in India mainly because of the price differential of imported coal vis-à-vis domestic coal.

As of now Coal India Limited, has been successful in obtaining the exploration license for 2 coal blocks in Tete Province in Mozambique through competitive bidding.CIL has already formed a wholly owned subsidiary " Coal India Africana Limitada (CIAL)" in Mozambique and has posted 4 executives in Tete, Mozambique. CIL plans to invest Rs. 122 crores (approx) for exploration of these 2 licensed coal blocks during 2012-13 period.

Apart from that CIL is also exploring the possibility of acquisition of coal assets in South Africa by forming a joint venture company with the provincial government of Limpopo in South Africa.

Though CIL has been actively pursuing the process of acquisition of coal assets abroad but the completion of this process within a definite time frame is difficult to estimate as the success of CIL's initiative is dependent on the long term commitment of the major consumers of coal in India for off take of imported coal.

As far as SCCL is concerned it does not have plans to acquire assets abroad.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Comments of the Committee

(Please see para 7 & 8 of Chapter I of the Report)

North Eastern Region (NER)

Recommendation Serial No. 3

The Committee are unhappy to note that against budgetary allocation of Rs. 26.60 crore during 2011-12 for development of North Eastern Region

(NER), the actual expenditure was nil. While recommending the Government to come up with concrete schemes, the Committee expects that the budgetary allocation of Rs. 25 crore earmarked for NER during 2012-13 will be gainfully utilised.

Action Taken

The Ministry has noted the recommendation of the honorable Committee for taking appropriate action.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Comments of the Committee

(Please see para 11 of Chapter I of the Report)

Utilization of Approved Outlays during XI th Plan Period

Recommendation Serial No. 4

The Committee observe that against the XIth Plan approved outlays of Rs. 37100.38 crore for the Ministry of Coal, the actual utilization during the Plan Period was reported to be Rs. 32033.89 crore (provisional figures of NLC). The Committee are dismayed to note that not only the coal PSUs were unable to utilize their plan outlays as targeted but the funds allocated and as revised during mid-term appraisal of XIth Plan Period for Central Sponsored Schemes like Research & Development, Regional Exploration, Environment and Subsidence Control Measures, Development of Transportation Infrastructure in Coalfields Areas etc. had also been much below the provisions made for them. The Committee are unhappy to note the huge mismatch between the financial outlays which points towards systematic flaws in the planning and implementation of projects/Schemes by the Ministry/coal companies and other autonomous bodies. Since speedy implementation of projects/schemes has a direct bearing on the financial outlays, the Committee would like the Ministry to make an in-depth analysis of the constraints resulting in non-fulfillment of both financial and physical targets envisaged for the XIth Plan. The Committee also desire that advance action may be initiated at the beginning of XIIth Plan so that the targets set for the coal and lignite sectors are achieved.

Action Taken

The Planning Commission had approved capital outlay of Rs 43476.37 Crs for Ministry of Coal for XI Plan period. During the Mid Term Appraisal of XI Plan the outlay for MoC for the plan period was revised to Rs 32831.11 Crs.

Actual utilization against the revised plan outlay during XI plan has been Rs. 26203.70 crore with CIL achieving 83.66%, SCCL 85.55% and NLC 51% respectively. The main reason for significant shortfall in case of NLC was due to delayed formulation of new mining projects and delay in commissioning / stabilization of Mine-II Expansion &Barsingsar Mine.

As far as Central Sector Schemes are concerned the sector-wise plan outlay alongwith actual utilization during XI plan is as under:-

Name of the Scheme	XI Plan Outlay (Rs.Crore)			
	Initial	MTA	Actual Expenditure	% Achievement w.r.t Initial Outlay
R&D	75.35	75.35	54.48	72.30
Regional/Promotional Exploration	164.02	305.82	227.38	138.62
Detailed drilling - Non CIL blocks	472.94	523.08	334.17	70.65
EMSC (including the outlay for Jharia and Raniganj Master Plan)	155.34	-	57.89	37.26
Conservation & Safety in coal mines	170.67	690.75	683.91	400.72
Dev. of transport infrastructure in coalfields	277.63	930.92	67.58	24.34
Total	1315.95	2525.92	1425.41	108.32

The Annual Plan / Annual Action Plan targets are reviewed continuously at various levels in the PSUs as well as Ministry of Coal. All out efforts are made to ensure that earmarked funds are utilized optimally. During the XII plan intensive efforts will be made to minimize the gap between budget estimates & actual utilization.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Comments of the Committee

(Please see para 14 of Chapter I of the Report)

IMPLEMENTATION OF EMSC

Recommendation Serial No. 6

The Committee note that Environmental and Subsidence Control Scheme is aimed at addressing environmental issues in the coal field at the erstwhile mines in Raniganj and Jharia arising out of unscientific mining carried out by the owners. The Committee have been informed that all the EMSC schemes have been merged in the Master Plan dealing with fire, subsidence, rehabilitation and diversion of surface infrastructure in Jharia and Raniganj coalfields within the leasehold areas of BCCL and ECL which was sanctioned by the Government in August, 2009 at an investment of Rs. 9773.84 crores to be implemented in ten years. This is being funded partly by the internal resources of CIL and partly from the Budget from collection of stowing Excise Duty under the CM(C&M) Act, 1974. The Committee are totally dismayed to note that the scheme is in the 3rd and 4th years of implementation and funds to the tune of Rs. 594.24 crore and Rs. 669.61 crore were to be contributed by CCDAC. Though budgetary support of Rs. 50.58 crore was provided at BE 2011-12, the same was withdrawn at RE stage. Now a token provision of Rs. 9.00 crore has been made for 2012-13 for implementing this scheme. The Committee deprecate such a failure on the part of the Ministry which even have failed to pursue CIL to utilize its share of Rs. 350 crore. In effect the provision has reduced the scheme to mockery. The Committee strongly recommend that the Ministry of Coal should play a pro-active role and issue necessary direction to CIL for regularly expending its share of funds for the scheme. Such steps should be taken without wasting a single moment. Given the present state of affairs, the Committee are doubtful of the sincerity of the implementing agencies for the scheme. The Committee, therefore, strongly urge the Government to evolve a suitable mechanism for implementation of the scheme in a time bound manner. The Committee would also like to be apprised of the perspective plan of the Ministry/CIL for investment of Rs. 9773.84 croreupto 2019 as envisaged in the Master Plan for implementation of the scheme.

Action Taken

While fully sharing the concerns expressed by the Standing Committee, the Ministry submits that the progress of implementation is mainly dependent on the implementing agencies viz. JRDA and ADDA. These agencies are yet to complete the demographic surveys and expedite land acquisition process. Once these activities are completed, construction of dwelling units and shifting of people will follow. However, the High Powered Committee under the Chairmanship of Secretary(Coal) is regularly monitoring the process and releasing the amounts demanded by these agencies for implementation of Master Plan. Despite the sincere efforts by the Ministry, the speed of the implementation of the Master

Plan mainly depends upon the progress made by the ADDA and JRDA. Keeping in view the involvement of human aspects, the implementation of such programmes is a long drawn out process. However, Ministry assures Committee that it will make all out efforts to ensure expeditious implementation of the Master Plan.

The pert charts indicating the time frame for completion of various activities as originally approved by cabinet is enclosed **(Annexure I**) for the information as desired by the Committee.

Latest position of the implementation of Master Plan for rehabilitation of Jharia Raniganj coal fields is as hereunder:

(I) The approved outlay of the Master Plan is Rs. 9773.84 crores ((Raniganj Coalfields – Rs. 2661.73 crore; Jharia Coalfields – Rs. 7112.11 crore). This outlay is proposed to be funded through Internal Resources of Coal India Limited to the extent of Rs. 350 crore per annum and the remaining from the collections of stowing excise duty under Coal Mines (Conservation & Development) Act, 1974.

(II) Till date an amount of Rs. 160.64 crore has been released to ADDA and Rs. 111 crore has been released to JRDA.

(III) In Jharia Coal field 86.44 acres of vacant land in Bhuli township and 849.68 acres of land in and around Belgoria township belonging to BCCL have been identified for developing new township by JRDA in addition to other areas. Further, two sites namely Bonjemari and Gourandi have been identified for setting up of new townships for rehabilitation and resettlement in Raniganj Coal fields. The total area required for the same is 2214 acres (896 Ha). ADDA had accorded Cabinet approval from Government of West Bengal for acquisition of land for this purpose.

(IV) Ministry of coal has taken up with the state Government of Jharkhand and Government of West Bengal for expediting land acquisition for rehabilitation. Ministry of Coal has also taken up the issue of diverting the Railway lines from the endangered areas with Ministry of Railways.

[Ministry of Coal, F.No. 20011/10/2012-IFD dated 06.09.2012]

Comments of the Committee

(Please see para 21 of Chapter I of the Report)

<u>Development of Transport Infrastructure in Coalfields</u>

Recommendation Serial No. 8

The Committee note that the allocation of Rs. 277.63 crore during the 11th Plan Period for the scheme Development of Transport Infrastructure in Coalfields(DTIC) was increased to Rs. 930.92 crore at Mid-term appraisal of the Plan. The Committee were, however, surprised to note that the actual utilization of funds during the 11th Plan Period was only Rs. 67.58 crore. Further, an amount of Rs. 50.00 crore has been allocated

during 2012-13 against Rs. 22.00 crore at BE/RE stage for 2011-12. An analysis of the figures of allocations and utilisations reveals that though funds have been increased manifold for investment in the scheme for Development of Transport Infrastructure in Coalfields, the actual utilisation was less than 25% of approved outlays. The Committee would like to be apprised of the reasons for this poor planning by the Government where the funds were increased by more than 300% at Mid Term appraisal of the scheme. Further, the Committee are dismayed to point out that PSUs only consider proposals relating to pucca roads under the scheme and repairing of roads is not being considered although the condition of roads in most of the coalfields areas are stated to be seriously damaged as a result of excessive use of roads by heavy vehicles loaded with coal. The Committee, therefore, recommend that coal companies should also include repairing of roads under this scheme and also earmark sufficient funds for upkeep of the roads in proper working conditions in their command areas.

The Committee also recommend that coal companies must make the provisions for construction of all roads and their repairs/maintain situated in an around coal field areas whether roads belongs to State Governments/Gram Panchyats/JilaParishad or coal companies. The coal companies should also keep clean all such roads by providing appropriate mechanism. Apart from this, coal companies should ensure that no unauthorized or illegal liquor and undesirable activities are being carried on by the side on such roads and if it comes to the knowledge of coal companies they must inform the concerned police administration so that such illegal business are prevented.

Action Taken

Suggestion of the Committee is noted. Some of the important road projects that have been completed in 2011-12 are : Korbi to Rani Atari in Chirimiri Area of SECL; ChaalGarghora Road at Raigarh field; Sundergarh To Duduka Road-Mor; HimgirByepass in Basundhara Area of MCL etc. Similarly Umrer Railway siding in WCL, Basantimata -NL OCP Railway siding via Dahibari in BCCL was also completed. In addition the critical rail links in potential coalfields viz. North Karanpura in Jharkhand, Mandraigarh in Chhattisgarh, Ib&Talcher coalfields in Orissa, Godavari Coalfields in Andhra Pradesh have been taken up with Ministry of Railways for expediting implementation of the same. Recently a detailed meeting was held on 26.06.2012 at Chairman, Railway Board level where thorough reviews of each of these projects were held and the concerned agencies were directed for expediting the implementation.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Comments of the Committee

(Please see para 25 of Chapter I of the Report)

Recommendation Serial Nos. 18 & 19

The Committee have been given to understand that so far 218 coal blocks with geological reserves of about 50 billion tonnes have been allocated to eligible public and private companies under the Coal Mines (Nationalisation) Act, 1973. Out of that, 25 coal blocks have been de-allocated. Out of the de-allocated coal blocks, two coal blocks were re-allocated to eligible companies under the said Act. Now the net allocated blocks are 195. Further, the review committee had again met on 11th and 12th January, 2012 to review the development of coal blocks and recommended to issue show cause notices in 58 cases who have failed to develop the allotted coal blocks within a prescribed period. The Committee are extremely anguished at the dismal performance of the allocated captive coal allocattees as out of the total 195 coal blocks only 22 blocks have commenced production. The Committee are of the opinion that non-development of captive coal blocks resulting in non-commencement of coal therefrom is one of major contributory factors for low coal production in the country. Though the Ministry are reported to have initiated some punitive measures to make captive allocattees accountable for the delay in developing coal blocks, there is no perceptible improvement in the development of such coal blocks as most of the captive coal blocks have not been able to commence production within the stipulated time frame. Hence, the scarce coal resources which have been diverted for captive mining, continue to remain unutilized. What is most surprising is the fact that during the last three years, no coal block has been identified and earmarked for captive allocation under government dispensation route. The Committee therefore, recommend that the Ministry should evolve some effective mechanism so as to check the non-seriousness on the part of captive coal allocates who have failed to develop the coal block allotted to them within the stipulated time. The Committee also desire that various bottlenecks coming in the way of operatinalisation of captive coal blocks should be suitably addressed by the Ministry in a time bound period. The Committee also urge upon the Ministry to consider the request of some of the State Governments for allotment of coal blocks to them. The Committee would like the Ministry to take stock of the situation by holding periodical review meetings with the captive coal block allottees to address this problem halting the development of such coal blocks. As coal mining needs latest technologies to exploit the maximum reserves with due adherence to safety aspects, the Committee expect the Government to accord due priority in this area as well.

Though the Mines and Minerals (Development and Regulation) Amendment Act, 2010 for introduction of system of auction by competitive bidding of coal blocks has been notified in 2010, the Committee find that no coal blocks have been allotted so far. It is a sad commentary on the

part of the Ministry for taking unduly long time in the allotment of coal blocks by bidding system as the early allotment of blocks will set motion for their development and start production. The Committee, therefore, like the Ministry to immediately implement the above Act in letter and spirit.

Action Taken

(on recommendation Nos. 18 and 19)

As per the guidelines, coal production from captive coal block should commence within 36 months (42 months in case the area falls in forest land) in case of open cast mines and in 48 months (54 months in case the area falls in forest land) in case of under ground mine, from the date of allocation. If the coal block is not explored, additional two years are allowed for detailed exploration and three months for preparation of geological report. The allocatees of coal blocks, who have not started production so far, are in various stages of obtaining statutory clearances and mining lease, preparing mining plan, acquisition of land, procuring machinery and equipment etc. for both mining as well as end-use project.

Major constraints being faced by the allocattees at present are as follows:

- Delay in setting up of end-use projects.
- Time taken for obtaining various clearances for mining and land acquisition.
- Possible speculation by allocattees anticipating opening up of the sector for commercial mining.
- Development of coal blocks involve a gestation of 3 to 5 years for reaching production stage and another two years for reaching optimal production capacity.

Major part of delay relate to forest and environment clearance and land acquisition on the part of allocattee. Forest and environment clearances fall under the realms of the Ministry of Environment & Forest, whereas the concerned State Government is to facilitate acquisition of land.

The following mechanism is in place to monitor the development of coal blocks as per the milestone chart devised and given with the allocation letters:

- Monitoring of progress of allocated coal blocks is done through a Committee under the Chairmanship of Additional Secretary (Coal). The review is undertaken periodically with all the coal block allocatees to assess the development/progress achieved by them. Action is taken again the companies where delay is found on their part by issuing necessary advisory and show cause notices. In case of willful delays

on the part of allocattees, appropriate action is initiated for de-allocation of the block & deduction of BG.

- The Coal Controller Organisation also closely monitors the development of coal blocks. For this purpose, he obtains a quarterly report from the block allocatees. Based on which a comprehensive status report is prepared.

With a view to bringing in more transparency, the Mines and Minerals (Development and Regulation) Amendment Act, 2010 has been notified in Gazette of India (Extraordinary) on 9th September, 2010 to provide for grant of reconnaissance permit, prospecting licence or mining lease in respect of an area containing coal and lignite through auction by competitive bidding, on such terms and conditions as may be prescribed. This, would however, not be applicable in the following cases:-

- where such area is considered for allocation to a Government company or corporation for mining or such other specified end use;
- where such area is considered for allocation to a company or corporation that has been awarded a power project on the basis of competitive bids for tariff (including Ultra Mega Power Projects).

- The Government has notified the Auction by Competitive Bidding of Coal Mines Rules, 2012 on 2nd February, 2012. Further, the notification on the commencement of the said Amendment Act, 2010 has also been notified by the Ministry of Mines on 13th February, 2012.
- CMPDIL, after calling bids and has selected M/s CRISIL for the above work. CRISIL has been given 3 months time for completion of :
  - i) Methodology for calculation of floor price/reserve price tag for the captive coal blocks;
  - ii) Preparation of Model Tender Document for selection of successful coal block allocattee;
  - *iii)* Preparation of model agreement between MoC and the successful coal block allocattee.
- The Government has identified 54 coal blocks for allocation and they have been sectorally earmarked. It has been decided to allocate the blocks after detailed exploration only through auction and to power sector for tariff based bidding. Out of the above 54 blocks, 16 are earmarked for power sector, 16 for Government companies and 22 for allocation through auction. The status of the identified blocks was reviewed with CIL & CMPDIL. The CMPDIL has informed that detailed drilling in 12 blocks is completed and the GR is available. The remaining 42 blocks are not explored. The exploration of the above blocks would require 16 lakh meters of drilling. CMPDIL has been asked to prepare a plan for exploration of the blocks on priority basis.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Comments of the Committee
(Please see para 32 of Chapter I of the Report)

Setting up of New coal Washeries

Recommendation Serial No. 22

The Committee note that for increasing the output of washed coking and non-coking coal, Coal India Limited has envisaged setting up of 20 new coal washeries with the capacity of 111.10 MT with an investment of about Rs. 2500 crore. These include seven coking coal washeries and 13 non-coking coal washeries. The Committee further observe that out of these 20 proposed to be set up washeries by the end of XIth Five Year Plan, 2 washeries were proposed to set up on 'turnkey basis'. The Committee regret to observe that not even a single washery has been set up during the entire XIth Plan period which ended on 31 March, 2012 despite the directive of the Ministry of Environment & Forests restricting the use of coal containing more than 34% ash content in power stations located 1000 km away from pit heads. While deprecating the Ministry/CIL for their utter failure in setting up of coal washeries during the XI Plan Period as targeted which is a serious lapse on their part. The Committee therefore, reiterate their earlier recommendation (4th Report on Demands for Grants, 2010-11) and desire that the Ministry/CIL should prepare an action plan to expedite the work of commissioning coal washeries. The Committee would like to be apprised of the action taken by the Government/CIL in this regard.

Action Taken

In order to supply improved quality and sized coal to the consumers, CIL has taken necessary action to set up 20 coal washeries (18 washeries under Build-Operate-Maintain i.e. BOM and 2 washeries under turn-key-scheme) with a total capacity of 111.1 Mty.

Global tender for 7 washeries under BOM scheme was floated from time to time in the 1st phase since January, 2009 with the following outcome :

- Letter of Award (LoA) has been issued to the selected bidders to set up 3 washeries i.e. Madhubandwashery , 5 Mty. &Patherdihwashery, 5 Mty. And Asoli(10 Mty) after receiving Environmental clearances from MoEF which was due over a long period.
- Tender for Dugdawashery, 2.5 Mty has been finalized &awating approval from CIL Board
- Tender for Dahibariwashery, 1.6 Mty. is under final stage of evaluation.
- Tender for other two washeries (Basundhara, 10.0 Mty and Jagannath, 10.0 Mty has been cancelled by MCL Board during its approval for

awarding the work and retendered (a major setback in implementing the programme).

Thereafter, global tender for 11 washeries under BOM scheme was floated to pre-qualify/ shortlist the bidders and the pre-qualified bidders are being issued for the techno-commercial & price bid (RFP) documents for the respective washeries.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Comments of the Committee
(Please see para 35 of Chapter I of the Report)

E-Auction of Coal

Recommendation Serial No. 23

From the data furnished by the Ministry of Coal regarding performance of E-Auction of Coal after implementation of the New Coal Distribution Policy (NCDP), the Committee find that 465.57 lakh tonne of coal was sold by CIL during 2010-11 by Spot E-Auction whereunder any intending buyer can participate in auction and the Bid price of the coal at Rs. 9335.31 crore was 74.10 percent more than the notified price of Rs. 5360.88 crore of total allocated quantity of coal. Thus, CIL earned a profit of about Rs. 4000/- crore by sale of coal by Spot E-auction where any intended buyer can bid. However, in case of Forward E-auction where only end-users/actual consumers are eligible to have assured coal supply over a long period of one year, the allocated quantity was only 56.07 lakh tonne and against the notified price of Rs. 522.43 crore during 2010-11 of this allocated quantity, the bid price was Rs. 1035.19 crore resulting in 98.15 percent increase in price of coal that was sold at notified price. The Committee are dismayed to observe that while in case of Spot E-auction coal is presently offered at 30% above the notified price as minimum reserve price, in case of Forward E-auction reserve price is fixed at the notified price of all grades of coal plus 60% of the notified price of coal irrespective of whether the mine is running in profit or not. The Committee disapprove the present system adopted by the Government where the end-users have been allowed to participate in bid under forward e-auction at a price higher than 60 percent of notified price of coal whereas under Spot E-Auction anyone who intend to participate in bid, it is only 30 percent. The Committee feel that the present system is disadvantageous to end-users of coal as the unscrupulous traders may create artificial scarcity to make profit by hoarding coal. The Committee, therefore, recommend that the Government should review the present policy to protect the interest of coal users particularly small scale consumers and instead of promoting trading in coal supply, more and more coal be E-auctioned to end users under forward E-Auction Scheme.

The coal companies must laid down a policy to the extent that unless a person is not involved directly or indirectly in using of coal he should not be allowed to participate even in E-auction. The Committee would like to be apprised of the action initiated by the Government in this regard.

Action Taken

COAL INDIA LIMITED (CIL)

The disparity in reserve price of Spot e-action and Forward e-auction has been removed after introduction of the GCV based pricing. At present, the reserve price for e-auction (both Spot as well as Forward) is fixed as under:

(a) When the GCV exceeds 5500 Kcal/kg , the reserve price is the notified price for sectors other than Power Utilities(including IPPs) , Fertiliser and Defence.

(b) When the GCV does not exceed 5500 Kcal/kg, the reserve price is the notified price plus 20% for sectors other than Power Utilities(including IPPs), Fertiliser and Defence.

In the year 2011-12, 24.48 lakh tonnes of coal was offered in Forward e-auction compared to 18.60 lakh tonnes in 2010-11.

As regards barring of traders to participate in Spot e-auction, this is to state that E –auction provides equal opportunity to all intending buyers to purchase coal. . Even if the traders buy coal under e-auction, they will ultimately sell the same to some actual users, obviously at a higher price. If the actual users are interested in buying coal from the coal company directly, they are at liberty to participate and procure coal themselves, which will automatically result in ouster of traders.

Singareni Collieries Company Limited (SCCL)

Consequent to the introduction of New Coal Distribution Policy (NCDP),SCCL has been conducting spot e-auctions from December 2007 onwards. As per existing guidelines, in case of spot e-auctions, coal is offered at 30% over and above the notified price as minimum reserve price and any intending Buyer is eligible to participate in spot e-auctions.

SCCL has so far not conducted forward e-auction.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

CHAPTER – V

OBSERVATIONS/RECOMMENDATION IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Regional and Detailed drilling

Recommendation Serial No. 7

The Committee note that detailed drilling in non CIL blocks during 2012-13 has been proposed to 1,74,900 meters and plan outlays of Rs.150 crores have been provided at BE 2012-13 as against Rs. 99.22 crore provided at BE/RE 2011-12. Similarly, Regional exploration in coal and lignite has been proposed for 1,47,000 meters with a plan outlay of Rs. 62 crore during 2012-13 for this scheme. It has been stated that achievement of targets in respect of these centrally sponsored schemes depends upon availability of entry permission to explore in forest areas, improvement in law and order conditions in some coal field areas etc. As per the working group on coal and lignite 15 to 20 boreholes per sq. kilometer are required for projectisation purpose, whereas the existing guideline issued by the Ministry of Environment and Forests permits drilling upto 1.5 to 2.0 borehole per sq. kilometer only in forest areas. It has necessitated amendment in the said guidelines and in the absence of the required amendment, lot of areas could not be included for detailed drilling. It has also been stated that Ministry of Coal and CMPDI have sent joint reports in respect of Chira North coal block and Baita East coal block and interim report in respect of Bijul coal block to the Ministry of Environment and Forests and on analysis of impact of such projects on flora and fauna, the Ministry of Environment and Forests may take a view on revision of norms for exploratory work in forest areas. Since the achievement in detailed drilling largely depends on the environment and forest clearance and improved law and order conditions, it is imperative that the Ministry should resolve these issues with the Ministry of Environment & Forests and the state administrations concerned so as to permit more areas for detailed drilling. The Committee desire that the funds earmarked for this year should be optimally utilised to achieve 1,74,900 lakh meter of detailed drilling.

Action Taken

The actual achievement of drilling programme under Regional/Promotional exploration and Detailed Drilling in non-CIL blocks is furnished below:

(**Drilling in lakh metres)**

Schemes	2010-11			2011-12		
	BE	RE	Actual	BE	RE	Actual

Promotional Exploration in Coal & Lignite	1.55	1.55	1.03	1.34	1.34	0.94
Detailed Drilling in Non-CIL blocks	1.85	1.91	2.48	1.96	1.72	2.22

In regard to the enhancement of borehole density for detailed exploration in forest areas without the need for prior forest clearances final reports have been submitted for all the three pitot projects. This issue was also addressed in the meetings of GoM constituted for addressing environmental and developmental issues and they directed MoEF to quickly review the status based on the final reports and take a view/modify guidelines.

However it needs to be mentioned that permission to enter forest area for exploration with enhanced borehole density without the need for prior clearances from Forestry and Environmental point of view. would significantly expedite fulfilling the targets and utilization of funds.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Corporate Social Responsibility (CSR)

Recommendation Serial No. 24

The Committee note that CIL has formulated a new CSR Policy for implementation from 2010-11 onwards. As per this new CSR Policy, funds have been allocated to each company based on 5% of the retained earning of previous year subject to a minimum of Rs. 5/- per tonne of coal production in previous year for implementation of CSR activities in and around mining areas within the radius of 15 kms for the benefit of the villagers and community at large including Scheduled Castes (SC) and Scheduled Tribes (ST). The work include, development of community infrastructure like school buildings, community hall, village roads, wells, tube wells, school furniture, Mahila Mandal Activities, Sports and Cultural activities, Medical Camps etc. CMD of subsidiary companies of CIL have been authorized to consider CSR activities depending on the need accessed for the people. During 2010-11 an amount of Rs. 262.28 crores has been allocated for undertaking CSR activities by the coal companies. The Committee are, however, dismayed to note that the funds earmarked for CSR activities have not been gainfully utilized by coal PSUs. Though CIL has claimed that due to the change in CSR Policy, Sizeable funds have been generated to implement CSR activities, the Committee cannot but deplore the lackadaisical approach of CIL Board for delaying the approval of necessary guidelines to implement the projects. It is highly deplorable that CIL have delayed finalization of a comprehensive CSR guidelines despite recommendations to this effect made by the Committee in this regard, while presenting their 4th Report (Demands for Grants (2010-11)

of Ministry of Coal) to Parliament. The Committee, therefore, strongly recommend that CIL should make sincere efforts to implement their new CSR policy so as to bring about socio-economic development of the coalfield areas. It is unfortunate that coal companies have not spent a substantial amount allocated for CSR activities. The Committee recommend that coal companies must create a discipline and cadre consisting officers and employees for looking after the implementation of the scheme and to ensure that money allocated for CSR activities is fully utilised. The CSR activities must not be delayed further on account of absence of proper planning or pending huge projects coming forward as claimed and expected by the CIL Board. The Committee also desire that the people's representatives, local population and authorities must also be associated in identifying and execution of CSR activities.

Action Taken

CSR Policy of CIL and its subsidiary companies is being implemented from the year 2010-11 only which is based on the guidelines issued by Department of Public Enterprises (DPE). DPE has specified specific procedures for undertaking CSR activities, major of which are as under:

(i) Participation of voluntary organisations, specialist organisations and community based organisations.
(ii) Base line surveys
(iii) Documentation of the experience
(iv) Setting up a CSR Hub with participation of Deptt. Of PE, SCOPE and CP Sector Enterprises
(v) Monitoring and evaluation.

In order to undertake the CSR activities as per the above guidelines, it is necessary to engage an implementing agency for CIL and its subsidiaries. CIL has approached Tata Institute of Social Sciences (TISS), Mumbai to become an agency for CIL and its subsidiaries in order to undertake the procedural job for CSR activities. The discussion is underway and it is expected that a MOU may be reached shortly. Thus in the concerned field the targets could not be achieved.

However, in the absence of the proper implementing agency CIL and its subsidiaries have been undertaking CSR activities w.e.f. 2010-11 through various implementing agencies as per CSR Policy of CIL. It is also to be mentioned that whatever amount could not be spent would be carried forward during subsequent years.

As per CSR Policy of CIL, CSR fund is created by way of keeping 5% of the retained earnings of previous year subject to minimum of Rs.5/- per tonne of coal production of previous year. The exercise for calculation of retained earnings for the year ending March, 2012 is not yet completed.

After finalization of accounts during 2011-12, budget estimate for 2012-13 shall be finalized.

The following major activities towards CSR have been undertaken during 2011-12 by CIL and its subsidiaries which is beneficiary to the villagers including Scheduled Castes and Scheduled Tribes living within the radius of 15 Kms. Of the project sites.

- Construction of Public utility road
- Construction of Road over bridges
- Integrated Water supply scheme for supply of drinking water to villages of adjoining coal mines.
- Repairs/installation of hand pumps
- Repairs/construction of wells including deep bore wells.
- Construction/repairs of school buildings.
- Providing educational facilities e.g. furniture, laboratory instruments etc.
- Providing financial assistance/grant-in-aid to educational institution operation in coalfield areas.
- Organizing health camps including camps for eye operation
- Providing medical facilities through Mobile Medical vans.
- Construction/repair of community center.
- Street lighting and solar lighting system to villagers belonging to BPL.
- Environment development /protection work like tree plantation, organizing sensitizing programme and pollution control etc.
- Construction of playing grounds/stadia and organizing sports for villagers.
- Providing financial assistance/donation/sponsorship to NGOs which are specifically engaged in different developmental works of the Nation.
- Promotion of sports and cultural activities supporting events at State and National level.
- Relief to victims of natural calamities like earthquake, cyclone, draught and flood situation in any part of the country.
- Wellness clinic.
- HIV/AIDs awareness programme.
- Other activities being undertaken from time to time.

[Ministry of Coal, F.No. 20011/10/2012-IF, dated 06.09.2012]

Comments of the Committee

(Please see para 38 of Chapter I of the Report)

NEW DELHI;
14 December, 2012
23 Agrahayana, 1934 (Saka)

KALYAN BANERJEE
Chairman
Standing Committee on Coal and Steel

ANNEXURE- IV

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL (2012-13) HELD ON 12.12.2012 IN COMMITTEE ROOM C, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1000 hrs. to 1030hrs.

PRESENT

Shri Kalyan Banerjee- **Chairman**

MEMBERS

LOK SABHA

2. Shri Hansraj G. Ahir
3. Shri Vishwa Mohan Kumar
4. Shri Pakauri Lal
5. Shri Babu Lal Marandi
6. Shri Govind Prasad Mishra
7. Shri Pashupati Nath Singh
8. Shri Uday Pratap Singh
9. Shri Om Prakash Yadav

SECRETARIAT

1.	Shri R.S. Kambo	-	Joint Secretary
2.	Shri Shiv Singh	-	Director
3.	Shri Arvind Sharma	-	Deputy Secretary

2. At the outset, Chairman, welcomed the Members to the sitting of the Committee.

3. The Committee thereafter took up for consideration the following Draft Reports:-

(i) Draft Report on Action Taken by the Government on observations/ recommendations contained in the 24th Report of the Committee on

Demands for Grants(2012-13) of the Ministry of Coal;

(ii) ** ** ** ** **

(iii) ** ** ** ** **

4. The Committee adopted the above Reports relating to the Ministry of Mines and Steel without any modifications. The draft Report relating to the Ministry of Coal was also adopted with minor modification. The Committee then authorized the Chairman to finalise the Reports and present the same to both the Houses of Parliament.

5. ** ** ** ** **

The Committee then adjourned.

**Do not pertain to this Report.

ANNEXURE- V

(Vide Para IV of Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWENTY-FOURTH REPORT OF THE STANDING COMMITTEE ON COAL AND STEEL

I.	Total No. of Recommendations made	25
II.	Recommendations that have been accepted by the Government (*vide* recommendation at Sl. Nos.1, 5, 9, 10, 11, 12,13,14,16,17, 20, 21 and 25)	13
	Percentage of total	52%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies(vide Recommendation at Sl. No. 15)	01
	Percentage of total	04%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee (*vide* recommendation at Sl. Nos. 2,3,4,6, 8, 18,19, 22 and 23)	09
	Percentage of total	36%
V.	Recommendations in respect of which final replies of the Government are still awaited (*vide* recommendation at Sl. Nos. 7 and 24)	02
	Percentage of total	08%